DAILY MARKET LETTER

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NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 March 25, 1953.

On June 12, 1953, the Trade Agreements Act, under which our tariffs have been revised in recent decades, will expire. Thus it will be necessary for the new administration to adopt a policy appropriate to our position in the world's economy, and although we have accomplished much in making concessions on our dutiable imports, the Act in its present form has many imperfections. At a time when we are spending large sums in order to stockpile important raw materials, we are at the same time placing obstacles in the way of their importation. We have duties on raw materials not available at all, or in insufficient quantities in the U. S. For example, a duty of 20¢ per lb on manganese, 50¢ per lb on vanadium, 60¢ per lb, plus 40% of the value on tungsten. Also, much important machinery and essential chemicals not available in the U. S. must be imported over a tariff barrier.

We must, of course, consider the effects of tariff reductions on our own industries, but just as competition brings about shifts from less to more profitable lines of business in the case of unprotected industries, so must our economic activities, now safeguarded to some extent from foreign competitors by reason of tariffs, be prepared to move from less to more productive operations. There is nothing out of the ordinary or new in this. The ability of our economy to meet changing conditions has through our history resulted in greater productivity and progress. The shortage of dollars abroad is basically due to our productive superiority and for many years our exports have outrun our imports. While the economic aid we have given Europe has meant great assistance to many countries, at the same time it has meant that our export trade has in large part been financed by the American taxpayer and international economic stability has still not been attained. The world can earn the dollars necessary to maintain international trade at a high level only if we practice the principles of free competition that we preach.

Winter grains are mostly in satisfactory condition in most sections of the Pacific states, according to the government. Grain development varied in Texas. Growth of some early wheat was poor, while less advanced fields are still holding on. Wheat and oats made favorable growth in the eastern two-thirds of Oklahoma but additional rains are badly needed in most western and Panhandle sections. High winds in Kansas resulted in erosive damage to wheat in many sections, particularly on sandy soils in central areas. Additional moisture is needed badly in the central and western portions of the state. The Nebraska weekly crop report states that wheat in the eastern part of the state and summer-fallowed wheat in the west generally made excellent progress last week. Considerable damage from high winds occurred in western Nebraska and moisture has been lacking since March 1st in the southern Panhandle and in the Southwest. The dry surface soil has affected progress and a good rain is needed, especially in the western two-thirds of the wheat belt.

In his Foreign Crop Summary, Broomhall states that weather has continued dry over a considerable part of the European Continent, spring seeding has been active, but good rains are now wanted for winter crops and germination of spring grains. Thus far there have been no serious complaints, but these will start to increase if moisture is not received. Plowing for the next crop in Australia has made good progress, and seeding will get under way shortly. Trade reports indicate a fair increase in wheat acreage. Recent high temperatures in Argentina, following rains, aided ripening of corn, but reports continue to stress adverse affects from previous unfavorable weather. Plowing for wheat and other grains is getting under way.

Except for a few showers in Montana overnight, generally fair weather has prevailed; temperatures are now below normal all areas. The official forecast suggests fair weather for Oklahoma and Kansas, with warmer temperatures in Kansas.

It was reported that Belgium had purchased 2,000 tons corn out of the Atlantic, and it is anticipated that Japan will buy 10 cargoes Pacific white wheat over the weekend, half non-subsidy. Flour export business was draggy with small lots being worked tothe Americas.

Primary receipts of wheat were 478,000 bu compared to 295,000 bu last week, and 472,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 82,000 bu. Corn primaries were 908,000 bu compared to 548,000 bu a year ago.

In spite of considerable buying by commercial interests in beans and corn markets were subjected to a fair amount of selling which seemed to come mostly from local professionals.

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CHICAGO, 4 March 26, 1953

President Eisenhower has submitted to Congress a plan for reorganization of the Agricultural Department that he said would simplify and correct its "present patchwork" setup. The major change of this plan would be to transfer to the Secretary of Agriculture full authority and responsibility for department functions now vested by law in various subordinate agencies, such as, The Soil Conservation Service, Rural Electrification Administration, and The Forest Service. He would be empowered to redelegate those functions without regard to the present setup. Exempt would be the business agencies, such as CCC, The Federal Crop Insurance Corporation, and the Federal Farm Mortgage Corporation. The plan also has the objective of placing the administration of farm programs close to the state and local levels and adapting the programs to national, state, and local conditions. The President said these proposals substantially follow the 1949 recommendations of the Hoover Commission on government reorganization.

For more than three weeks, the Senate Banking Committee has been taking testimony for and against measures to establish what are called "stand-by economic controls." Of particular interest were two measures: one, introduced by Senator Capehart, which would authorize the President to freeze all prices and wages for ninety days in the event of war, and the other would set up an actual skeleton control organization ready to be filled out in case of need. According to the testimony by a government official before this Committee, the administration's views on economic controls favor the suggestion to give the President power to invoke a ninety-day freeze on wages and prices as opposed to a stand-by price and wage controls law.

The Kansas Weekly Crop Report states that prospects for the wheat crop were further reduced by high winds late last week; severe damage was mostly limited to sandy soil in central areas but much of the crop suffered from the drying and cutting action of the high winds. During the first part of the week warm temperatures promoted growth of all small grains; seeding of oats and spring barley and preparation of seedbeds for other crops made rapid progress. According to the Oklahoma Weekly Crop Bulletin, soil moisture was generally favorable for growth of wheat, oats, etc. and adequate for spring grass prospects east of the line through Jackson County in the Southwest and Alfalfa County in the North. Subsoil moisture was fair to good in this area but in several counties west and northwest of this line, including the Panhandle, topsoil moisture was being dissipated by high winds and subsoil moisture was very poor. Rain is needed badly in the area. The crop made very favorable progress in the southern, central, north central and eastern sections. Considerable acreage in these areas was late-emerged and has not stooled out yet but is now generally well rooted and making rapid growth. The Missouri Weekly Crop Bulletin reports topsoil moisture generally sufficient in most areas, and widespread showers received last week were beneficial to all growing crops. Winter wheat is progressing well, with all areas reporting fields green and looking fine.

Except for some light snowfall in Montana and along the Canadian border, generally fair weather prevailed over all the grain belt areas. The official forecast for Oklahoma suggests scattered showers and thundershowers south and east portions, and the same for Kansas beginning in the southeastern section tonight spreading over most of the eastern portion Friday.

It was reported late yesterday that Afghanistan had purchased 2,500 tons hard wheat and that overnight some Manitobas had been worked to the U.K. It is understood that Yugoslavia is in the market for two cargoes red wheat for April shipment. Export flour business is near a standstill.

Primary receipts of wheat were 795,000 bu vs 629,000 bu last week and 113,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 71,000 bu. Corn primaries were 1,109,000 bu compared with 550,000 bu ayear ago. The Chicago corn-hog ratio for the week ended March 21st was 13.2 compared to 9.0 a year ago.

Markets opened lower with selling in wheat prompted by prospects for moisture over parts of the Southwest. Receipts of corn were 158 cars, fairly sizeable in comparison to recent days, and corn also was subjected to selling. Markets firmed somewhat later, and it appeared that buying in wheat came mostly from exporters. According to a report from Winnipeg, the Alberta Wheat Pool reports crop conditions in the Prairies looked dim on account of low moisture reserves, and that good rains will be needed later in the season. Some heaviness existed in the cash wheat market Southwest, and the basis in the spot market at Kansas City was 1/2¢ lower than yesterday. Spot corn baais in Chicago was also about 1/2¢ lower.

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CHICAGO, 4 March 27, 1953

For many years a substantial portion of American business has pleaded for and looked forward to a return to the system of free enterprise. Under the new administration, a changing government policy towards business is under way, with widespread decontrols having taken place, together with a changed attitude towards government's position in our business economy. During past years the public in general had been given the impression that the abandonment of controls would result in a skyrocketing of prices, and this was the principal oft-stated argument in favor of the retention of controls. The recent decision by the Chrysler Corporation to reduce prices of its automobiles is a striking example that when given freedom of operation, industry must adhere to the laws of supply and demand and to competitive conditions. The termination by the new administration of artificial controls probably has as one of its objectives lower prices brought about through competition, and it is safe to assume that the reasoning behind Chrysler's decision was the belief that more cars could be sold at lower prices. We recognize that price rises also are being recorded in some cases because of the removal of controls, but these may be brought about by a natural readjustment to other factors. In many instances these price increases may only be temporary and that as production and competition increase, a downward trend in prices may result.

The USDA, in reviewing conditions likely to affect agricultural production, predicts that many local trouble spots but few widespread infestations of grasshoppers, crickets, or chinch bugs are likely for this year. Entymologists warn that if weather conditions permit grasshoppers to develop normally, they threaten to build up to destructive populations in central South Dakota, northeast Wisconsin, the Texas Panhandle, and central Utah, while dry weather in southern Illinois, Indiana, and Ohio could result in grasshopper problems in those states. Despite extensive and successful control efforts against crickets in 1952, great numbers of these pests are anticipated in the northern half of Nevada and small but heavy infestations may be looked for in Idaho, Oregon, California, Montana, Colorado and Wyoming. More chinch bugs went into hibernation last fall than for several years in Oklahoma, Arkansas, Missouri and Illinois, and a warm, dry spring and early summer in these states could bring trouble from this corn and grain-feeding pest. Little or no difficulty is expected in other central states except in Indiana where local infestations may do some damage.

We have been advised by one of our friends in Canada that the terminal elevator strike at Vancouver still continues with no signs of an immediate change. The importance of this is that it compels a diversion of wheat and barley movement from the West Coast to the Atlantic Seaboard, and this added burden to the handling facilities at the Atlantic ports on top of the commitments already made out of the Ft. William terminals creates a problem which will tax all of the resources at the command of the Canadian Wheat Board. Last fall the threatened elevator strike at the lakehead was averted and since that time the Terminal operators and the Union have been carrying on operations under a tentative understanding and no agreement. This condition, however, is now being brought to a head, and unless an agreement is signed a strike threat is held out to go into effect around the opening of navigation. Naturally it is to be hoped that this will not materialize. It is thought now that conditions are such that some boats might load at the lakehead the early part of next week.

A fair amount of export business was done overnight; Japan purchased 10 cargoes Pacific Coast white wheat, Yugoslavia 2 cargoes #2 red wheat, and Israel 10,000 tons #2 hard. Israel also bought a cargo of corn out of the gulf, and Malta purchased a cargo of Canadian wheat.

Primary receipts of wheat were 747,000 bu vs. 674,000 bu last week and 850,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 92,000 bu. When the visible supply is posted on Monday it will compare with a decrease of 6,144,000 bu last year. Corn primaries were 1,088,000 bu compared with 806,000 bu a year ago.

All grains were firm, wheat being influenced by the lack of moisture overnight and the forecast suggests little precipitation of consequence in the Southwest. Further export business is anticipated, with Germany expected to be in the market early next week for 400,000 tons wheat, half of which may be red wheat. Country offerings of corn and beans were light. Beans also are influenced by shipments out of Chicago, thus reducing stocks here.

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CHICAGO, 4

March 30, 1953

The major item in the news was the new Communist peace overture relative to the Korean situation. The Chinese Premier, just back from Moscow, said that the time should be considered ripe to settle the entire question of prisoners of war and end the war itself. He pointed out that the repatriation issue was the only thing in dispute, and proposed a new step regarding this problem. The sincerity of the Chinese and North Korean Red governments, of course, is something that must be determined, also whether or not the new proposal as advanced by them will be acceptable to the United Nations. At any rate more optimism towards the possibility of reaching an agreement was expressed, and both the stock and commodity markets were subjected to liquidation.

The USDA in estimating the carryover of wheat on July 1st at 560 million bu has based this figure on exports of 325 million bu, but unofficial reports indicate that our export total for the current crop-year may fall as low as 275 million bu. Forward sales at this time for April are about normal and May sales are still negligible. However, it is felt that the April-May-June sales will not attain the high level of recent months, reflecting the availability of Canadian grain. If our exports total only 275 million bu, the carryover would be somewhat over 600 million bu and the amount of old-crop wheat in free supply would be higher than had been anticipated.

One of our men in the Southwest, reporting on the Texas wheat crop, states that varied conditions exist. From Amarillo to Childress wheat is in poor condition and badly in need of moisture. From Childress to Wichita Falls, and from Vernon to Abilene, wheat is in excellent condition, with a good stand and a large acreage. However, there is no subsoil moisture and surface moisture does not go down very far; thus all this area needs further precipitation to insure a good crop. From Plainview, Texas north in the Panhandle, prospects are very poor and rain is badly needed to produce any kind of crop.

The USDA report of March 27th states that cash grain markets weakened during the week ended March 26th. Winter wheat conditions were less favorable, as strong drying winds and little or no precipitation caused some damage to small grains in the central and southern portions of the western Great Plains. From the eastern portion of the Great Plains to the Atlantic and gulf coasts small grains were mostly in good condition. Weakening factors in the wheat market were increased receipts and a less active demand, both export and domestic. Corn and oat prices also declined, influenced somewhat by larger offerings and an inactive demand.

It is reported unofficially that the FDA plan to start its weevil infestation enforcement program appears to be indefinitely sidetracked, and also, that some substitute proposals suggested by FDA have been unacceptable and have been put aside. It is now thought that the goal for the elimination or reduction of weevil infestation can best be achieved through educational and research efforts without subjecting the producer and the grain and milling trades to penalties for conditions often beyond their control.

According to The Southwestern Miller, it is expected that the renewal of IWA may be approved today or tomorrow at a maximum price of $2.05, including carrying charges.

Light to moderate showers occurred over portions of the Southwest, and heavier rainfall over sections of Iowa, Nebraska, and Missouri; elsewhere fair weather prevailed. The official forecast for Kansas and Oklahoma suggests scattered showers for extreme eastern Kansas, and for southern and eastern Oklahoma.

It was reported that Korea had purchased 3 cargoes and Spain 1 cargo Canadian barley, also that Yugoslavia had bought 2 cargoes U.S. red wheat. It is expected that Germany will be in the market tomorrow for approximately 100,000 tons U. S. wheat, and 120,000 tons Canadian wheat.

When the visible supply of wheat was posted it showed a decrease of 2 million bu, leaving total stocks of 195,601,000 bu compared to 105,994,000 bu a year ago. Corn showed a decrease of 984,000 bu, leaving total stocks of 33,620,000 bu, or 21,872,000 bu less than a year ago. Oats decreased 1,143,000 bu, leaving total stocks of 12,845,000 bu, or 1,602,000 bu more than last year. Chicago wheat stocks showed a decrease of 252,000 bu, making total stocks here 10,713,000 bu.

Heavy liquidation continued throughout the session. There was some evidence of buying by exporters and selling seemed to come both from local professionals and commission houses. Future developments will depend to a great extent on what occurs in Korea.

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CHICAGO, 4 April 1, 1953.

Truce hopes continue, and we use the word "hope" advisedly rather than optimism owing to the fact that we are dealing with people who act and think differently than we do, and it still remains to be seen whether differences can be reconciled. One thing, however, seems certain, and that is, that we shall stand on the original premise: namely, of not returning prisoners for repatriation except by voluntary action on their part.

The stock market, which opened before we did, showed a rather firm tendency after the recent heavy declines. Our market also was a little higher, probably influenced by some export business and hedges had to be covered against sales to Germany, which consisted of 45,000 tons No. 2 red winter wheat and 45,000 tons hard wheat, together with some sales to the U. K. although the latter apparently consisted of only a single cargo.

After the close yesterday parity prices were published and, surprisingly enough, during a period of general declines wheat and corn showed an advance of 2¢ per bu for each of the cereals, and we find that, as of March 15th, wheat parity at $2.43 is only 3¢ per bu lower than it was a year ago, same month. Corn at $1.77 per bu is only 1¢ lower. Thus with all efforts to curb inflation, it seems a rather difficult job, particularly as our spending continues, and even the present administration has found it difficult to cut materially, although great efforts are being made.

There has been increased activity, possibly of a seasonal nature, in building throughout many parts of the country. The sharpest advances have been recorded for lumber and masonry materials, although nails and shingles have also shared in the advance. There have been slightly higher prices for feeder livestock, tractors, farm supplies, also clothing prices have averaged slightly higher than a month earlier, probably due to preparations for the Easter Holiday, and despite lower print cloth prices.

Navigation is now officially open but there is no sign of any material export business from Canada. That country, however, will try to push sales, and this will give further competition to merchants on this side of the international border.

Except for some rainfall in the extreme eastern section of Kansas, generally fair weather has prevailed in the Southwest, but on the whole there has undoubtedly been improvement, and we should not be at all surprised to see the next government report show an increase over the figures published last December. The Weather Bureau's thirty-day outlook for April calls for temperatures to average below the seasonal normals east of the Appalachains and in the Southwest; however, above normal temperatures are expected over the Northern Plains, and in the west gulf states. Precipitation will not be far from normal.

In a pamphlet distributed for today's publication, BAE calls attention to the fact that corn acreage has been declining over the past twenty years and is currently about one-fourth smaller than the record level reached in the early 30's. Production on the other hand has trended upward as expanding use of hybrid seed and other advances in production methods have substantially increased yield per acre. While farmers plan a further reduction of nearly a million acres in corn this year, they plan to seed about the same acreage to barley and to increase acreages of oats and sorghums grains.

There has been rain over a number of sections of the European Continent but moisture is still needed in some countries, especially in southwestern parts of Italy. Very few complaints have been heard regarding condition of winter grains and spring seeding is making satisfactory progress over most areas.

Primary receipts of wheat were 502,000 bu compared with 478,000 bu last week and 399,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 139,000 bu.

As the session progressed wheat reacted again and the May future showed the sharpest decline. Deferred futures of beans were also weak, but the earlier months were firm as there has been quite a movement from this market. While the same is true of oats and the demand from Chicago has been rather persistent, it remains to be seen what will happen now that navigation is open if Canadian oats come here. Corn declined a little in sympathy with wheat but declines were not sharp. Flour business was flat, and the carrying charge spreads are widening.

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CHICAGO, 4 April 2, 1953.

United Nations' negotiators agreed this morning to a Communist proposal to open talks in Panmunjom next Monday on the exchange of sick and wounded prisoners of war. The Soviets have also invited the Americans and the French to a discussion of matters pertaining to air safety over Germany. It was indicated that France would probably accept this invitation later in the day. Thus the news seems to be of a very conciliatory nature, and since this has been an important factor in both commodity and security markets, one couldhardly have expected that there would be a great amount of stability, particularly in wheat, because of favorable weather conditions, and with the three-day holiday there is quite apt to be further relief in the Southwest, with rain or snow already having been reported over sections of Nebraska. There is also some moisture likely over the corn belt, and since this comprises sections of the red winter wheat areas, we may only conclude that prospects for soft wheat are still extremely good, as there has been very little adverse weather since time of planting.

The government has now given us official exports for the first eight months of the season, and of the 338 million bu grain and grain products that have been shipped during this period, there is included 216.4 million bu wheat, flour and macaroni compared with nearly 309 million bu in the corresponding eight months of the previous season. This, of course, is a heavy reduction, but it was expected. It still seems likely that total shipments of wheat may reach a goal of 325 million bu for the entire period. Sharp competition is being experienced from Canada and other exporting countries. While this would be a reduction from past years, it is still a very large quantity when we regard shipments as they used to be prior to the war. Nevertheless when billion-bushel crops are raised in this country, we require heavy outlets, and, indeed, we shall probably continue to ship on a pretty big scale, as long as the government is interested in granting subsidies of one kind or another, and as long as credit mechanism is available to those countries lacking dollar exchange.

In any case the statistical picture is not particularly bullish, and the only reason for having expected stability at all was the one factor of the loan and the quantities that might have been removed from commercial channels. With 455 million bu wheat tied up from the present crop, less the redemptions that have or will take place, and adding to this quantities of wheat held by CCC from previous years, one could naturally draw a rather bullish picture. The fact remains, however, that the new administration is fully cognizant of what may be required in the season ahead if prices remain low and indications from Washington suggest that great efforts will be made to sell wheat, at least for export, whenever possible in order to lighten the load. This, of course, offsets to some extent artificial factors, and at least makes more wheat available for the domestic market, as not much is being drawn from commercial supplies on foreign sales if the government is willing to reduce its holdings.

International news is keeping all commodity markets nervous, but according to The Southwestern Miller, country selling has been near a standstill in wheat and only a small fraction of terminal receipts seem to be for sale, the balance representing movement of purchase-certificate grain for CCC account. Some business had been expected with Mexico, but offerings were too scant and buying has been postponed for a time. Canada reported rather small demand, but we find that a cargo of oats consisting of half a million bu is headed for Buffalo. Thus far there is no sign of any immediate movement to Chicago but this could come later on. Meanwhile, shipments made to eastern destinations make for a smaller demand in Chicago, and as a result our market was rather weak this morning.

Primary receipts of wheat were 685,000 bu, which was a little less than last week and compared with 1 1/4 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 87,000 bu. When the visible is posted on Monday it will compare with a decrease of more than 6 million bu a year ago.

Markets were not particularly active, but there was no support of consequence. Most traders seem to feel that if political events over the extended weekend continue favorable there might be further declines next week. The movement of corn from the country is light, and receipts at Chicago do not seem to pick up much. Still primary movement is about as large as it was last year. Beans are holding comparatively well. Rye made season's lows.

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CHICAGO, 4 April 6, 1953.

It was almost a foregone conclusion that markets would be lower this morning, and the declines in wheat which have been quite severe have been due largely to the conciliatory news from Korea, together with some improvement in crop prospects Over the extended weekend weather was more favorable, and rains in eastern and central Oklahoma were quite good with nearly 1 1/2 inches at Enid, 2 1/2 inches being reported at Oklahoma City, and lesser amounts for the western part of the state, but the moisture also extended to the Texas Panhandle where there was as much as 1/2 to 3/4 inch of rain. This is naturally favorable coming in the spring months when the crop is just beginning to emerge from hibernation. There was also some moisture in eastern Kansas, but very little in the west, and the forecast for that region is not particularly optimistic at this time.

Chances are that when the government report is issued on Friday, there will be an improvement over the figures issued last December, but some permanent damage has been sustained, and there may also have been heavier abandonment than usual because of the adverse weather last fall which had not permitted the proper germination in all cases, However, the trade now feels that the carryover will be anywhere from 550 to 600 million bu on July 1st, but it remains to be seen of this quantity how much is free wheat, and this cannot be foretold so early, as much will depend on quantities that are still to be sold by the CCC, and also by the amount of redemptions.

It looks very much as though the excess profits tax would be permitted to die on June 30th, but whether this will actually cost the government as much as $1 to $2 billion as a revenue producer remains to be seen. Doubtless the Federal government takes about 02¢ in taxes out of every dollar of corporate profit, and there is little incentive left to justify the wear and tear on human and material resources. Thus, we have not had an increase in profits through expanding sales volume, nor by holding down costs. Management has become less concerned with improving production methods, and there is also a natural temptation to encourage greater spending for such items as advertising, travel and promotional activities when the cost is only 18¢ for each dollar, and when the prospect for creating future good will is so apparent. As a matter of fact, the excess profits tax yielded only about 9% of total revenue from all Federal taxes on corporate incomes, but if business is encouraged to expand its activities any revenue loss may be made up in other directions. Furthermore business needs more encouragement to risk capital in the production or introduction of new products.

Primary receipts of wheat today totaled 2,535,000 bu compared with 1,785,000 bu last week, and 1,428,000 bu a year ago. When the visible supply of wheat was posted it showed a decline of only 160,000 bu, and it now stands at about 195 1/2 million bu, or 93 million bu more than last year. Stocks of wheat in Chicago decreased 242,000 bu leaving 10,471,000 bu in this market. Chicago stocks of corn showed an increase of 301,000 bu, with stocks on hand now at 7 1/2 million bu. Oats declined 716,000 bu leaving a balance of approximately 4 1/2 million bu.

It was reported during the session that on Friday the CCC sold 200,000 bu of #2 red winter wheat track Baltimore, and there is also some talk in this market that red wheat is likely to be shipped from Chicago to Kansas City for delivery on futures, using the through rate from Chicago to Gulf ports for export. The premium of Kansas City over Chicago, plus the premium of Gulf wheat over Kansas City makes this workable. According to The Southwestern Miller flour sales were practically a blank over the weekend, with the majority of bakers continuing to work down their contracts, and evidently resisting additions to their backlog in the hope of further declines on peace developments.

During the session markets continued to be under the domination of more hope for peace in Korea, and this was also reflected in the stock market with a rather substantial decline in values. During the session May wheat made the low of the present crop year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 7, 1953

Peace negotiations are progressing satisfactorily, with the exchange of sick and wounded prisoners apparently being worked out according to a formula that seems agreeable to both sides. For several weeks now both the commodity and securities markets have been declining due to this factor, and grains have also heeded the improved weather conditions, while this morning we found that western Kansas had received additional moisture, and chances are that there will be relief in central and eastern portions of that state tonight. The five-day forecast is also optimistic, with moderate to heavy precipitation likely, averaging nearly 1/2 inch for Nebraska, nearly 1/4 inch for western Oklahoma and western Kansas, and from 1/2 to 1 inch in eastern Kansas and eastern Oklahoma. The stock market, which had been very depressed yesterday showed a slight rallying tendency this morning. The trend of world production is largely influenced by conditions in the U. S. This is due primarily to the fact that our country accounts for more than two-fifths of total world industrial output and about the same proportion of income. Undoubtedly the continued high level of defense expenditures here at home, plus our foreign aid program, has been the chief sustaining force to business activity in the free world.

By the time this letter is printed, Secretary Benson will have delivered one of his major talks in Denver. He is discussing our inheritance from previous administrations, and has stated: "Like many another heir, we found the house mortgaged and a good deal of damaged furniture stacked away in the attic." He tells us that we have inherited a dollar which not only buys half as much as it did ten years ago, but that inflation has taken 50¢ out of each dollar that citizens had saved up to ten years ago. He asks that the Department of Agriculture do its full share in helping to balance the federal budget. On March 23rd, he said CCC had on hand more than a billion dollars' worth of agricultural products acquired under the various price-support programs announced by our predecessors and for the greater part required by law. It included 110 million bu wheat and 259 million bu corn, some of which was four years old and had to be sold to prevent spoilage. Amongst other things, we have added about 400 million bu wheat, 200 million bu corn, and about 2 million bales cotton under the loan, practically all of which we can expect to acquire. This he claims will happen when price supports are not accompanied by production controls.

Taking into account what the government has on hand, and is likely to acquire, the total comes to almost $3 billion, which is equal to about 8% of our 1952 cash farm income from marketings, and certainly a sizeable proportion of our production to have locked up and held off the market. There is a real possibility, according to Mr. Benson, that economies in operation, which had been carefully worked out item by item, may be swept aside by a loss in the present plan of supports. In his opinion we can improve our present system of price supports and apparently a careful study is being given to a number of proposals, some of them involving legislation, while some may be possible under present law.

There was not much export business reported overnight, although Spain is due to buy a cargo of soft wheat shortly, and additional substantial quantities may be taken by Germany, possibly as much as 10 cargoes, sometime next week.

Primary receipts of wheat were over 1 million bu which was slightly better than last week and compared with 610,000 bu last year. Kansas City and Minneapolis stocks so far this week show practically no change. Markets developed firmness after some hesitancy. For several days now Minneapolis stocks have been strong with probably more spring flour sold due to the strike of mill workers at Kansas City.

There has been a fair amount of corn sold for shipment out of Chicago and it looks as though our stocks would decrease, particularly as the country selling is light.

Chicago oat stocks have been reduced to about 4 1/2 million bu and there is no Canadian export business being claimed at the moment for shipment to Chicago. All this caused some firmness in coarse grains and the better sentiment spread to wheat with the result that markets were considerably better.

Soybeans also shared in the advance and the deferred months seem cheap compared to the nearby.

Seeding of spring crops has started in South Dakota, southern North Dakota, and Montana. Some farmers are waiting for rain. There was very little moisture over the winter and quite a few areas are reporting that soil is dry.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 8, 1953

Some disappointment was expressed this morning in that the exchange of sick and wounded prisoners had disclosed that only 600 American and UN soldiers were involved. Apparently the number seemed small in comparison to those whom we were willing to give up. However, percentagewise it figured about 5% in each case, and, therefore, the Reds may be keeping faith even though there is some inclination on our part to show distrust. This had very little effect upon the securities market, which opened before our market did. However, oil and meal prices were firm and this had a bullish effect on beans, which were quite strong, with the result that corn and oats were also higher at the opening, while wheat prices were just steady. There has been a forecast for an unsettled weather map, showers having already occurred in eastern Kansas, and it looks as though rather general rains and thundershowers would occur during the next thirty-six hours. This would be very welcome even in the Northwest where spring planting operations have started, and in those territories they are depending largely on current precipitation.

Those who have noted the decline in securities point to the fact that business spending for plant and equipment is at a record rate, although it may be somewhat lower in the second half of the year. Inventory accumulation is at a slower pace than a year ago, while farm income for this year is expected to be about 8% below that for 1952. Even if there should be a truce, defense spending may be sustained in view of the uncertainty in the international situation. Whether our aid to foreign countries will continue on as big a scale remains to be seen. Since the end of World War II, there has been $42 billion involved according to recent data, but new programs are certainly undergoing sharp scrutiny. Surely in a free world economy, the bulk of the funds for future economic development should come from private sources.

Broomhall's Foreign Crop Summary stated that moisture conditions continued variable in Europe, some sections having received needed rains, but that there was still a deficiency in a number of countries. It has turned warmer in the U. K. after a week of rainy, cool weather. Planting of spring grains is completed in most sections, and indications point to a larger acreage to spring wheat than last year. Rain has benefited crops in France, although more moisture is still wanted. There appears to be drought in Italy, which has been stimulating demand for feed grains, and this has also hindered spring sowing. Occasional rains have benefited crops in western Germany, and efforts are being made to put in a large spring acreage to make up for fall shortages. On the whole the outlook is not quite as favorable as last season, although it is still early.

Primary receipts of wheat were very light and amounted to only 332,000 bu compared with 502,000 bu last week and 633,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 52,000 bu.

On Friday the government report will show the first estimate on wheat since December, and while it will be preliminary in character it looks as though some improvement should be indicated. The abandonment was given at 26% last December, and we doubt even with adverse weather if the winter kill has been heavier than that. Some improvement has doubtless taken place in Oklahoma and possibly in Texas as well. In the central states the outlook is still very promising.

There was some business today in red wheat, and we understand that stocks here in Chicago are decreasing through shipments both to Kansas City and to the East, but the wheat market was quite indifferent with only a cargo of soft wheat sold to Spain, and the German business deferred until next week. Corn receipts in Chicago were extremely light, and some corn is going out of this market. Same is true of oats, which leads to the belief that possibly the May futures will gain ground on later months. Strength in beans and in feed grains helped wheat, but did not give it too much encouragement. Flour sales are reported as being slightly better, but still no heavy business is reported. The CCC has apparently sold some soft wheat to exporters, and chances are these policies will be continued. Firmness in oil and meal attracted attention so that early gains in soybeans were maintained.

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CHICAGO, 4 April 9, 1953

The political news is still of a rather optimistic nature and plans are going ahead for the interchange of sick and wounded prisoners, but this has lost its effect upon both securities and commodity markets.

There was some moisture overnight in eastern Kansas. The map is still unsettled, but it does not look as though the western areas would have much immediate relief. Therefore, there was not much to guide us this morning, although offerings of corn from the country were a little heavier, and some hedges came into the market, but this was not too important a factor. General business in this country is maintained, and there is little evidence that weakness should develop and reverse the trend within the next few months.

It is true that the U. S. holds around two-thirds of the world supply of gold, and there have been some suggestions that we make a gold offering to the countries short of the metal, so that they may establish themselves on a gold standard. However, for any nation to remain on an international gold standard it must have sufficient exports or other means to meet its international balance of payments. Unlessa country is inposition to balance its account with the rest of the workd, it eventually is drained of all its gold. Some economists have suggested that we should grant a tariff concession and to permit our friends overseas to take advantage of it, so that through fair competition they could expand their markets, and thus attain greater stability. For some years now our export trade has in large part been financed by the American taxpayer. This cannot continue indefinitely, and the Europeans themselves have no wish to continue as recipients of charity. Despite some concessions that have been made, there are still 3,500 duties in effect. Of these about 492 exceed 50% of the value of the import, while several hundred are 25% or more.Many rates, such as coal tar, dyes, etc., are virtually prohibitive. We even have established tariffs on critical raw materials not available at all or in insufficient quantity in the U. S. For example, we impose a duty of 20¢ a lb on manganese, 50¢ a lb on vanadium, 60¢ a lb, plus 40% of its value, on tungsten. It is somewhat of a paradox that while we are spending large sums to stockpile important raw materials, we are at the same time placing obstacles in the way of their importation. There is more important machinery and there are many essentialchemicals not available in the U.S. that must still be imported over a stiff tariff barrier.

One of the private trade reviews speaks rather pessimistically of the winter wheat crop, indicating that the improvement over December has not been marked. The general feeling is that when official data is released tomorrow, we shall have a higher estimate than last December. At that time the Kansas wheat crop was forecast at only 114.5 million bu, Oklahoma less than 50 million, Texas 25 million, Nebraska 53 million, and Colorado 37.2 million. These states have had some relief during the past few months, and certainly prospects in the red winter wheat states have been fully maintained and are undoubtedly better now than they were in the fall.

The Chicago corn-hog ratio continues to improve. For the past week it was 13.3, up slightly from the previous week, but this compares with only 8.9 last season.

Primary receipts of wheat were a little bigger and amounted to 882,000 bu compared with 686,000 bu last week, and 1,195,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increaseof 93,000 bu.

Wheat was inclined to be a little lower, but there was no issue and traders while aware of the small export business at the moment, also appreciate that if prices remain low heavy impoundings will continue on the next crop. However, this is not regarded too favorably as a constructive factor as previously because the government is constantly selling some of its holdings. New-crop oats were lower and this finally had some influence on corn, which also declined after making a more impressive showing yesterday. It is pointed out that if the price would advance from 1 1/2 to 2¢ per bu country offerings of corn would improve. There is a slight improvement in flour business but nothing of great consequence. Nevertheless, cash wheat premiums in the Southwest are firm and higher despite the fact that the mill strike has not yet been settled. Beans were lower on small liquidating sales.

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CHICAGO, 4 April 10, 1953.

When the International Wheat Agreement was first considered the objectives were stipulated, as follows: "To assure supplies of wheat to importing countries, and markets to exporting countries at equitable and stable prices." Certainly this was a sound basis, and for the past five years there has been fair stability in the export shipments of wheat from the surplus countries, and, indeed, it might prove embarrassing to us now if anything happened that the Pact were not continued. We say this for the reason that it makes the subsidization of wheat somewhat easier to promote and to justify, as long as we have high support levels at home; therefore have to keep our exports on a competitive basis. The new price of $2.05 a bu compares with the previous level of $1.80. Most of the countries have approved the new agreement but the largest importer of wheat under the present Pact has refused to accept the terms proposed by the majority and the U. K., which imports about 30% of all IWA wheat, has consistently held out hoping for a lower price.

Indications are that they will not enter the Pact at a price higher than $2.00 a bu. Before ratification 70% of the votes must be affirmatively cast by importing nations and 80% of the votes by exporting nations. It also means that the U. S. Senate must approve our participation, but this will probably go through without too much difficulty even though many Senators feel that the price disparity between the support and the export rate is too great. Should anything happen that we do not approve the Pact, it is doubtful whether it could survive. There will be a period of fourteen days before the signators are compelled to take final action.

Not much attention was paid to this news, and it is generally felt that until there is some change in our support program we are going to have to subsidize exports in one way or another. As before, neither Argentina nor Russia has gone along with the other exporting nations, but since Russia has not had much of a surplus to ship, except possibly to Britain on a barter basis, this is not considered too serious, although Argentine competition might become quite heavy this season as they have just harvested a very large crop. When the four major exporting countries, together with Britain, tried the first experiment of this king in 1942, a memorandum of agreement was initialed by one representative of each of the five countries. These documents were officially made public on July 2, 1942, but hardly had the ink dried when the Argentine government concluded that it was to their best interest to ship whatever they could in order not to build up burdensome surpluses at home. Thus the first attempt at an international program failed almost completely.

Our marketsopened barley firm this morning, and there were hardly any new elements to consider. There had been a considerable amount of rain and hail over the cornbelt, but no precipitation in the Southwest, nor is any expected, for the next twenty-four hours, although the five-day forecast is a little more optimistic, and there may be 1/4 inch rain in western Nebraska, Kansas, and Oklahoma, and up to 1/2 inch for eastern Nebraska, while eastern Kansas and eastern Oklahoma may fare better, receiving up to 3/4 inch to 1 inch moisture. There is also a little more rain looked for in the spring wheat districts which have had rain and snow overnight, and Canada also was benefited. This, of course, is important as there was not the usual amount of heavy snow during the winter months.

U. S. wheat and flour shipments were 4.6 million bu last week; the total since July 1st is over 250 million bu compared with 360 million bu a year ago.

Primary receipts of wheat were over 1 million bu; there was a holiday both last week and last year. Kansas City and Minneapolis stocks so far this week show a net increase of 289,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 1.6 million bu.

Trade was again moderate. Impoundings of corn for the month were smaller than expected, 42 million bu having been placed under the loan, with the total now 270 million bu. Loans and purchase agreements on the 1952 crop will be available in most areas through May, and judging from the present tempo there may be 425 million bu impounded all told. Our oat market became strong as hedgers bought the May delivery. Chicago stocks are under 4 1/2 million bu, and have been going down right along. There is only about 2 1/2 million bu in Minneapolis, while Canadian oats are not on a profit working basis. Therefore, with the huge open interest the nearby month could become strong. The whole market seemed to be a little better, including beans. Wheat was reluctant at times but close higher.

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[illegible]

[illegible] applications until [illegible] expiring [illegible] the past [illegible] this month [illegible] to us [illegible] it seemed that the [illegible]

[illegible] and to market, [illegible] we have [illegible] up our exports [illegible] competitive [illegible] 20. Most of the countries [illegible] exporters of wheat are the largest [illegible] proposed [illegible] majority and [illegible] wheat, [illegible] place.

[illegible] indications are that they will not [illegible] ratification [illegible] unless the [illegible] of exporting [illegible] especially since though many [illegible] and the export [illegible] it is [illegible] supplies [illegible] are the [illegible] exporters are [illegible]

[illegible] some change in our [illegible] in the way of an [illegible] with the other exporting [illegible] possibility to [illegible] greater [illegible] although [illegible] continue [illegible]

[illegible] have [illegible] by [illegible] were [illegible] they could [illegible]

Our exports [illegible] elements to consider. [illegible] but no [illegible] in the [illegible] hours, although the [illegible] in western Nebraska, [illegible] eastern Nebraska. [illegible] up to [illegible] in the spring [illegible] was [illegible] snow during the winter months.

[illegible]

[illegible] early [illegible] last week and last year [illegible] of 289,000 [illegible] year of [illegible]

[illegible] moderate [illegible] exported, 42 million [illegible] Looking [illegible] total. [illegible] 2 1/2 million [illegible]

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CHICAGO, 4 April 13, 1953

After the close of the market on Friday, the Crop Reporting Board gave its analysis of agricultural conditions based on April 1st data. A winter wheat crop of 714 million bu was forecast, which compared with 797 million bu, the ten-year average during the period 1942-51. However, on basis of last year's final production of 1,052 million bu, it looks as though we shall raise only two-thirds as much as we did at that time, but the trade was much more interested in making comparisons with last December. On that score, the figure was raised 17%, reflecting smaller acreage losses than had been expected, also improved yield prospects for most areas. The abandonment was about 4% less than had been figured in December, which makes a difference of about 25 million bu, and about the same amount was due to increases in the Pacific Northwest, while other states showed improvement: notably, Oklahoma, which now has a prospect for 63 million bu, or 13 million more than the preliminary figure, Missouri was increased 8 million bu, Kansas 7 million bu, Ohio 13 million bu, and Illinois 7 million bu. It is also interesting to note that the soft winter wheat belt has just as good a prospect as it did a year ago. In fact, the five states, including Illinois, Indiana, Ohio, Michigan, and Pennsylvania may raise 189.5 million bu if the present promise finds fulfillment, and this would be just as large an amount as was produced by the same states a year ago.

This is important, and we stress it, owing to the fact that red winter wheat has had an important bearing on the carrying-charge situation, and the amount of wheat which Chicago may receive could easily influence market values, despite the fact that smaller yields than last season are looked for in many other parts of the country. Soil moisture is now claimed to be generally adequate except in the Great Plains, and taken altogether, March weather in most areas was much more favorable than usual. We had some rains over the week-end that fell mainly in eastern sections of Kansas and eastern sections of Nebraska. There was not much moisture in the central and western portions of those states, but the spring wheat areas have been benefited to some extent, and the same is true of Canada, which is also important. There is no reserve moisture in many parts of the West, and, therefore, the plant is dependent upon timely rains from now on.

Not much attention was paid to the large quantity of wheat remaining on farms. There is 268 million bu in this stock, which exceeds last year's supply by more than a third, and the average by one-sixth. However, with the large carryover in sight it had to be that way. Nevertheless, indicated disappearance of about 1,086 million bu wheat from farms since the last harvest is the largest since the 1948-49 season. Some attention was paid also to the condition of the rye crop, which was 82% of normal on April 1st, and certainly a sharp improvement over last December, when the condition was only 67%. Rye is still largely dormant in most northern areas. The amount of corn presently held on farms is 1,466 million bu, which is more than a third larger than last year, and apparently some of this is due to the reduction in hog numbers, so that less was needed for feeding. Undoubtedly, impoundings are going to be much heavier than they were a year ago, and there may be some offsets in corn stocks in positions other than the farm.

Chicago stocks of wheat this week decreased 481,000 bu, leaving a little less than 10 million bu here in Chicago. This was not unexpected and some of the wheat at least has been moving to Kansas City. Local corn stocks decreased 153,000 bu, leaving 7.3 million bu here. The oat stocks decreased to 3 3/4million bu.

Total visible figures do not show any great changes. Wheat declined 542,000 bu, the corn visible went down nearly a million bu, oats declined 683,000 bu, and the soybean decrease amounted to 928,000 bu.

The government report had a very bearish influence on wheat, and the May delivery made a season's low but there were some recoveries before the close. There was comparative strength in beans all during the session, even when other grains were weak. Oats were a little lower at the start, but Secretary Benson is considering measures to restrict imports of Canadian oats. It would, of course, involve tremendous problems in international relations and trade. It was pointed out that we took nearly 50 million bu from Canada since last July. At the moment Canadian oats are not on a workable basis to Chicago. The news created a good deal of weakness in Canada with their rye, oats, and barley declining, and future events will naturally be watched with unusual interest.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 14, 1953.

There was no particular news overnight to affect grain markets. While the declines were occasioned originally by the possibility of a truce, it seems that crop news has been a more important factor for the last few weeks, The month of March was favorable for crops, although there are still some districts that require moisture. Even this morning there were reports of high winds and dust storms in areas of Oklahoma and Kansas. Undoubtedly intermittent rains will be necessary to maintain prospects as given out by the government report on Friday.

Probably one of the factors which is more discouraging to the trade than anything else is the continued selling on part of CCC, which overcomes somewhat other artificial influences that we have had in years when large quantities of grain were impounded, but when stocks were kept at high levels and the government sold only periodically in order to take care of some of our export requirements. Sales in the domestic market were made only at a time when it was considered that the condition of grain was hazardous and deterioration might occur. There is no evidence even now that the government is selling wheat for domestic purposes, but in the crop-year ahead if they furnish most of the supplies needed for export, then we can figure that only about 500 million bu will be needed to take care of home consumption in the way of flour, cereals, etc. An additional 85 million bu will be required for seeding operations, but the farmer is not much concerned whether the price is high or low as that quantity will come from his own stock in a routine manner. It is difficult to tell at this time how heavy defaults are going to be, but chances are that of the 455 million bu placed under the loan only the smallest part has been redeemed and by end of April a good portion of the wheat will be turned over to the government, although purchase agreement wheat is in the process of being turned over to the government now.

All this is causing some discouragement and we have not had much speculative buying even in times when crop scares were current, so that the market has had a pretty steady decline now. It shows the importance of speculation if we ever return to a period when hedges come into the market on a big scale.

There was practically no rain in the Southwest overnight. Temperatures were somewhat higher, and the weather map is unsettled with the official prediction for some rain, although our own weather man is of the opinion that it will be mostly in the eastern sections of the belt. There is the likelihood of some further relief in the Northwest and possibly Canada, all of which tends to restrict new buying.

For several days now there has been a very strong market for soybeans and Chicago stocks are gradually being depleted, with only about a million bushels still left here. Even the strength, however, in that commodity failed to inspire confidence along the line. There has been some covering of oat hedges for several days, possibly on the statement made yesterday that some consideration was given to the restriction of imports from Canada. In our opinion this would involve so many other matters at a time when we are trying to encourage international trade that there is grave doubt in our minds whether anything will finally happen. There seems to be a little corn coming out from the country, and probably an advance of a few cents per bushel would bring heavier offerings

Primary receipts of wheat were 1.6 million bu compared with a little over 1 million bu last week, and the same last year. Kansas City and Minneapolis stocks so far this week show a net increase of 73,000 bu. Despite the decrease in Chicago stocks there is still 7 million bu red wheat in this market, and chances are that when the government acquires the soft wheat that is presently under the loan, it will become available for export. All of this is discouraging longs in the market, and even with a few crop scares prices sagged lower. We are getting somewhat more encouraging reports from the Northwest, and on the whole crop conditions improved during the week, and in some areas moisture varied from 1/2 inch to 1 inch. Low temperatures have prevented much farm work from being accomplished and seeding was slow but it will undoubtedly progress rapidly with any rise in temperatures, particularly in sections where they have had moisture. Beans, which were strong early, yielded some ground, corn also heeded the pessimism that was felt in wheat and generally speaking trade in all pits was extremely light.

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CHICAGO, 4 April 15, 1953.

As a further example of inflation applicable to almost every segment of our economy, we should like to point out that while farmers have witnessed a tremendous rise in the value of their products, they have also been faced with additional farm production expenses, and these have advanced rapidly from around $5.8 billion in 1938 to about $18.9 billion in 1948, over a ten-year period. Furthermore, those farmers who have saved money and who have put it away because thrift was exercised during previous years now find that the purchasing power of the dollar that was put into banks and into bonds has only about half the buying power as when the money was saved. In 1952, farm production expenses reached a record high of approximately $23 billion, which was nearly 3 1/2 times those in 1940, and chances are they may even average slightly more in 1953. Apparently high costs are not deterring farmers from buying machinery and other necessary items for conducting their business, as inventories of motor vehicles and machines on January 1, 1953 were the largest on record. The present value of farm machinery and equipment on a typical 160-acre hog-dairy farm in the corn belt is about $6,000 but to replace this machinery at 1953 prices would cost about $12,000. This is about twice as muc as would have been spent for new machinery during the 1935-39 era. The number of tractors have been increasing at a rapid rate. On January 1, 1952, it was estimated that there were 4,170,000 tractors of all types on our farms. At the beginning of 1953, it appears that there were 4.4 million tractors on farms, which was 3 1/3 times the 1935-39 average. Of course, it also explains the reason for our greater per-unit production with weather and other factors remaining about the same

When our market opened this morning, there was not much to guide it. The same factors seemed to surround the wheat market. It had been rather windy over many parts of the Southwest, and the only moisture we had was in eastern Oklahoma, with practically nothing in Kansas. There is not much chance for immediate relief in the Southwest, but temperatures will be rather low and somewhat colder than normally prevails at this time of year.

In Europe, Broomhall tells us that there has been some improvement in the outlook for crops and good rains have occurred in some dry areas, so that the general situation is now considered fair to good. There was additional moisture in France and most reports claim a satisfactory condition for wheat and that the recent dryness has caused no permanent damage. Complains from Italy have subsided following rains, and no serious damage to the leading cereal. Acreage is probably a little above last season. Most spring wheat acreage has now been seeded.

Primary receipts of wheat were smaller and amounted to 580,000 bu compared with 332,000 bu last week and 843,000 bu last year. Kansas City and Minneapolis stocks show a net increase of 311,000 bu.

About mid-session we heard that Secretary Benson was having the Department prepare tentatively for acreage allotments and marketing quotas for next year's cotton and wheat crops if controls prove necessary. While this would eventually mean smaller production it also emphasized that the surplus problem was again with us, and, therefore, was construed as somewhat bearish. Final decision has not yet been made, but the Department will at least await possible information before date deadlines are reached. Late in the day it was confirmed that Britain had withdrawn from IWA. It seems that England is not willing to pay over $2 per bu for wheat, and in view of the very plentiful supply situation she regarded it as quite likely that prices would come down during the next three or four years. The U. K. is issuing licenses for the private trade, making it possible to import wheat and feed grains as of May 1st, including dollar imports. Thus she is gradually getting rid of artificial controls.

These factors caused May wheat to sell at a season's low, and there was general discouragement, which also spread to other pits. Milling demand was slightly better but no confidence of general improvement. Markets have had a sharp decline now, and might be susceptible to any crop scares if we get them, but in a general way there is no improvement in confidence as long as the government is selling its accumulated holdings, which offsets to some extent the large quantities that are impounded.

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CHICAGO, 4 April 16, 1953.

There were indications yesterday that acreage controls and marketing quotas might be sought for wheat and cotton, and while no decision has been reportet yet, it would require a national referendum of the more than 2 million wheat farmers at a date not later than July 25th. If this occurs at least two-thirds of all votes must be cast in favor of quotas before they can become effective. If farmers at that time do not approve marketing quotas, they will be subject only to acreage control, but in that case the price support level would drop from 90 to 50% of parity. For the next wheat crop the government had asked for a voluntary wheat goal of only 72 million acres, which was a cut of about 8% from the year before. The winter wheat farmer did not comply with the request and it is too early yet to know what the response will be from producers in the spring wheat areas. For the last two years the seeded acreage to wheat was about 78 million acres, and with the exception of 1949, when nearly 84 million acres were planted, this was about record since tabulations have been kept.

The Department of Agriculture has figures dating back to 1866, showing the harvested acreage, but until 1919 we had no permanent records as to the actual amount of wheat that was planted. During the drought period (1932 through 1936), when our wheat yields were so small that we barely had enough for domestic consumption there was one occasion when the harvested acreage of wheat dropped to 42 million acres, but in that season we produced only 513 million bu wheat, which is quite a contrast to the billion-bushel crops we have had now since 1941. It takes about 62 million standing acres to give us a billion-bushel crop, as very seldom do we harvest more than about 16 bu per acre under normal conditions, although on several occasions this figure has been exceeded. Nevertheless, it becomes a question whether we shall require billion-bushel crops of wheat in the future unless we can maintain our export program. We consume about 700 million bu at home for all purposes, including the amounts actually needed for food, seed, feed, alcohol, etc., but even in the current season, with IWA shipments possible and certain quantities sold on credit terms, we are having some difficulty in shipping our goal of 325 million bu.

Our market opened a little firmer, although prices at Kansas City were lower on a statement that a new policy had been invoked by CCC through its Dallas Office of offering wheat constantly to exporters during the session rather than to confine business between the close of the market on one day and the opening on the next. Thus it is felt that there may be larger quantities of wheat sold under this new program, as it will put the government in direct competition with other wheat that is offered for sale privately. At present, of course, CCC is only selling its holdings acquired through support operations in 1950 and 1951, but since heavy defaults are expected by end of this month, there may be considerably larger offerings of wheat for export as time goes on. Impoundings from the present crop are at a record level, and with present low prices, chances for redemptions are very slim.

Total exports of wheat and flour since July 1st were 258 million bu compared with 380 million bu a year ago.

Primary receipts of wheat today were 1,186,000 bu vs 882,000 bu last week, and 891,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis stocks of wheat show a net increase of 395,000 bu.

During the session May wheat went into new low ground for the season. The President's address at noon today, Chicago time, was awaited with great interest as to its effect marketwise. The Chief Executive very forcibly presented the steps which he believed necessary to permanent peace, and challenged Russian leaders to prove their will for peace by agreeing to end the cold war and join disarmament pacts which would outlaw atomic weapons. He pointed out several ways that the Kremlin could start showing their good intentions. Whether the program as laid down by the President will meet with any enthusiasm by the Russians remains to be seen.

The Southwestern Miller mentioned that only small sales of flour comprised the business done, and that a sagging tendency in wheat futures has encouraged buyers toward a waiting attitude and intensified resistance to flour buying. The late forecast from Kansas suggested winds, with showers likely west and central by Friday night for that state.

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CHICAGO MERCANTILE EX.

CHICAGO, 4April 17, 1953.

There has been a good deal of discussion during the past week whether or not the International Wheat Agreement could survive with one of the largest importers of wheat withdrawing from the Pact, claiming that the new price level was too high. It seems rather trivial that 5¢ per bu should make a difference between success and failure. After all, England was prepared to go as high as $2 per bu, which was an advance of 20¢ over the previous price, but this was not acceptable to the U. S. and Canada, while the Australian position is not yet clear, but they are still apt to withdraw. We can, of course, understand the reluctance on part of Britain at a time when world surpluses are beginning to mount. On March 1st of this year, the four exporting countries had 66% more wheat on hand for export and carryover than they did a season back; in fact, 1,468 million bu, with considerably more in the U.S. also in Canada, while Argentina had 160 million bu compared to almost nothing last season, and even Australia had 26 million bu more. Of course, nobody can be sure that Canada and the U.S. will have as large crops this summer as they did last. At the moment our own prospects for winter wheat are considerably reduced, but if weather is satisfactory in our Northwest and in Canada, feel that average crops of spring wheat are still likely. Then, too, much will depend on the outcome of European crops, but with the recent improvement in weather they may not require larger quantities for importation during the coming season. This was a particularly favorable year for world wheat production, and with various increases along the line the total estimates made the world yield 7,320 million bu, which was not so much more than the previous figure, but, for example, it was 1,295 million bu above prewar average, (1935-30), or certainly a tremendous increase, and probably has had a good deal of influence on Britain's present attitude of not wanting to enter the Pactfor the next three years at practically the highest price that has ever prevailed. Our point of view naturally favors the best bargain we can obtain, owing to the fact that we are still supporting prices at home at still higher levels.

There was not much moisture overnight, although some in Nebraska, and the outlook is for relief in the form of rain for eastern Oklahoma, eastern Kansas, while central and western sections of those states will probably be visited by snows. Unfortunately, the Texas Panhandle may be skipped. However, the corn belt and the spring wheat areas are likely to receive some precipitation.

Thus there was no great incentive to buy this morning, although there may have been some short-covering for a time, simply on the theory that markets have had sharp breaks during the past month or more.

Export and flour business is almost at a standstill and as long as this situation continues there are very few hedges taken out of the pit, and by the same token there is not much encouragement for investment buying. A little corn is being sold by CCC to domestic users, but only quantities on which they claim deterioration is a possibility. It remains to be seen what the government will do with its huge holdings of wheat after defaults occur on April 30th. There might be some wheat sold if deterioration is feared, but for the most part we believe that the only liquidation will be to distribute the wheat into exporting channels.

Primary receipts of wheat were 1.2 million bu compared with about 1 million bu last week and 738,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 707,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 6.5 million bu.

Trade was rather moderate; there was some week-end covering in the wheat pit but the close was weak. Flour business shows no pickup of consequence, and it is difficult to find much news that will attract either longs or shorts. The coarse grain market was a little firmer, but no special feature in those pits either. The open interest in all May contracts is big, and seems to be decreasing at a rather slow pace. Beans were somewhat weaker for the deferred months, but not much change nor interest in the nearby delivery.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 20, 1953

It has been a mystery for some time why the U. S. and Canada arbitrarily held to the $2.05 level for IWA wheat shipments when Britain, the largest importer, was willing to go along at just a slightly lower level. One of our friends just returning from Britain doubts whether this slight differential was responsible for the collapse in the dealings. His view is that the British government is determined to decontrol and to denationalize all segments of their economy before another election is called. The Party in power feels that if the Labor Party should later come to office they would then have a more difficult time recontrolling or renationalizing during peacetime. Possibly this is the reason for the reluctance on part of the English and not merely the 5¢ difference, which was involved in the negotiations. Britain, of course, realizes that she may have to make some sacrifices and might temporarily have to pay more for wheat imports by abstaining from a renewal agreement. Apparently, however, she is willing to take that chance.

Here at home, our export sales continue on a limited basis. It is thought, however, that Germany may re-enter the market tomorrow and may take fair quantities of wheat, including some red varieties via the Atlantic. Some statisticians in Washington are mentioning a rather low figure for the total yearly exports, 285 million bu, although in our opinion this figure is too low, but yet the 325 million bu goal may not be reached. We heard last week that Secretary Benson was at least considering the possibility of restricting imports of oats from Canada. The National Grain Trade Council doubts whether this is actually the case. It is pointed out that any halt in imports is possible only through recommendations of the Tariff Commission after hearings have been held on the issue. Should the Tariff Commission recommend restrictions the President could then overrule such findings. As we have pointed out on many occasions, we are largely dependent upon Canada for the goods she buys from us, and it might not be considered diplomacy to antagonize one of our best customers, A seven-year study of trade balances between the two countries shows that for the period, 1946-52, the U. S. enjoyed a favorable trade balance with Canada on agricultural commodities by a wide margin. The trade balance gives little evidence to support any finding to restrict Canadian oat imports without inviting retaliation from Canada against some of our commodities. We have also mentioned in our market letters that the amount ofcorn we ship abroad is larger than the combined imports of barley and oats from Canada. Therefore, it is a question of give and take unless we go out of our way to disrupt some of the trade agreements that have been built up over a period of time.

Weather over the week-end was not too good Southwest. Some of our reports from Texas and Oklahoma are on the pessimistic side unless rain occurs very shortly. There is the possibility of some moisture developing in western sections of Oklahoma and Kansas during the next twenty-four hours. In any case very little attention is being paid to crop news, as heavy defaults are expected on government loans April 30th, while CCC still has about 104 million bu wheat in its possession from previous crops. One of the comments of the trade at the meeting held with USDA officials last Thursday in Washington was that the offering price of cottonseed meal be cut by $10 a ton. As near as we can learn nothing has been done yet but meal prices were lower, which in turn influenced beans.

When the visible supply of wheat was posted, there was a decrease of 843,000 bu, leaving total stocks 195 million in all positions, or 100 million more than last year. Chicago stocks were cut to 9 1/2 million bu. The U.S. corn visible decreased nearly 3 million bu to 29 1/2 million vs 50.3 million last year but in Chicago there was an increase of 201,000 bu. Local rye stocks increased 675,000 bu, and we understand that some cargoes are here still to be unloaded.

Markets were rather dull. Wheat futures made a new low on the crop but rallied late in the day. Corn was quite firm on short-covering and investment buying. A few of the locals bought corn futures which gave us considerable firmness. Beans were weaker during most of the session, although rallied a little toward the last on moderate buying.

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CHICAGO, 4 April 21, 1953

There had been some export business expected overnight with Germany, but apparently exchange difficulties had arisen so that a postponement has been reported until April 28th. Meanwhile, other business was very quiet, although a few parcels of corn were sold to the U. K. About the only other news of any consequence was that CCC had reduced the price of cottonseed meal, which had been fully expected, but, nevertheless, meal prices were lower, including bean meal. This naturally had some influence on soybeans.

There was some disappointment in that the rain Southwest had failed to materialize, although officially it is still a possibility that precipitation will develop. However, our weather man is not quite as hopeful, but the five-day forecast is a little more optimistic, and there may even be moderate to heavy rains in west Texas, which, of course, would be a help as subsoil deficiency has been reported over wide areas, and there is no doubt that we need considerable rain to prevent deterioration owing to the dry conditions that have existed over large sections of the Southwest. For example, we are told that around Amarillo, the wheat crop is being reduced daily on account of dry weather and that prospects are generally poor over the state but especially on the Northern Plains. Oklahoma has fared better but even in that state they have to have moisture before long to maintain the prospect given by the government in the last report.

It is surprising under these conditions that there is not more attention paid to the possibility of smaller yields. On the other hand, it is very seldom that we have a carryover of wheat close to 600 million bu, such as we shall probably have on July 1st of this year. Only twice before in history have we had carryover stocks exceeding that figure: namely, in 1942, when there was 631 million bu on hand and the following year,1943, when 619 million bu was in the reserve, but in more recent times we have had only moderate quantities. Thus in past years with heavy export outlets there was never too much concern as to overburdensome supplies. Even if our total production next summer amounts to only 900 million bu, including winter and spring wheat crops, we would still have close to 1 1/2 billion bu wheat, certainly a very large amount when it is considered that only about 700 million bu is needed for all home requirements, including seed, feed, etc. With the government soon owning a stock of about 500 million bu or more, together with defaults that are likely on this year's loan program, it would ordinarily mean that we would have rather firm markets throughout the country. Unfortunately, the situation is such that Chicago has been at a disadvantage compared with Kansas City and Minneapolis, and supplies of red wheat in this part of the country have had a pronounced bearish influence on the price level. At the same time cash wheat premiums in other markets have been well maintained and, indeed, their futures are relatively higher compared to Chicago than is often the case. Whether the same situation will occur again next season is something that the trade must now face, as a large red winter wheat crop is again in prospect, while supplies elsewhere may be only moderate. In the Northwest there has been very little field work during the past week. Weather was rather cool and the common cry is for higher temperatures with more moisture. Only scattered precipitation was received.

Primary receipts of wheat were 1.1 million bu compared with 1.6 million bu last week and a little over a million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 181,000 bu. Contract wheat stocks in Chicago declined slightly to 7 million bu, of which the bulk still consists of No. 2 red winter wheat.

Markets after some hesitancy firmed up a little. Exporters bought a considerable amount of corn futures this morning, but there was also some profit-taking due to the fact that there has been no general restoration of confidence. Oats were rather firm, and a Northwest elevator concern continued to buy in its May hedges. Wheat showed a generally firm undertone late in the day, probably due to the fact that crop news from the Southwest was anything but encouraging. In fact, many areas complain of dry weather and surely there may be crop deterioration unless we get rain soon.

Flour business shows no pick-up and the fact that wheat is hovering around the low point of the season seems to discourage flour buyers.

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CHICAGO, 4 April 22, 1953

The world wheat crop last year was the largest on record, and supplies of wheat for export or carryover in the four principal exporting countries, which include the U. S., Canada, Australia, and Argentina, amounted to 1,475 million bu on March 1st, which is 585 million bu above the supplies on the same date a year earlier. This figure was about 375 million bu above that of two years ago. It is possible for these reasons that so little concern is being expressed over the fact that the coming winter wheat crop will be considerably smaller than last season, but even assuming that the last estimate of 714 million bu is borne out, and assuming that we have a normal spring wheat crop on a prospective acreage of 21.6 million acres, we might have 310 million bu wheat raised in the Northwest, although the first spring wheat estimate will not be made until June 10th. On this basis total production would amount to about 1,024 million bu. There is some doubt with the dry conditions that have prevailed throughout the country, whether this optimistic forecast may find fulfillment, but in view of the fact that the carryover reserve will be somewhere between 575 and 600 million bu, the total supply at the beginning of the next crop season could be 1,600 million bu, which would be practically as much wheat as we had on hand July 1, 1952. Our domestic disappearance has sunk somewhat in recent years, and during the current season is estimated to be only 685 million bu. Growth in population has not helped much in the domestic utilization for bread,flour, etc., while feed use may be only 100 million bu, certainly a heavy cut from the 486 million bu that we fed in one of the war years, when the demand for concentrated food was so great, and when corn and oat crops were much smaller than at present.

In view of these conditions, it is not surprising that Secretary Benson, in his talk last night at Purdue University, expressed the need for expanding markets for our farm commodities, and he also stressed the need to speed up research, which does not necessarily mean the scrapping of our farm programs. Just as we do not drive a car on a flat tire, we repair it, to the same extent, he said, we need to fix the programs which at the present time are not doing the job for which they were intended. The Department of Agriculture is planning to start immediately preliminary work necessary for possible acreage allotment and marketing quota programs on the 1954 crop, should such conditions become necessary. More will have to be known about prospective supply and demand situations. However, the decision and proclamation must be made not later than July for marketing quotas, and July 15th for acreage allotments.

There was hardly any rain overnight except a few scattered showers in the Northwest. There is still an official forecast for some precipitation in west Texas, possibly other sections of Oklahoma, Missouri, and Kansas, although our own weather man is not too optimistic for the latter regions.

In Europe, weather was mostly favorable during the past week, with higher temperatures helping to stimulate growth, which was backward in parts. Elsewhere rains replenished moisture which had been deficient. In France, there has been some improvement after a showery, cool week, and rains benefited fall crops, but the condition of wheat is yet reported below a year ago. There had been good rains in Italy and warmer weather is helpful. Rains fell over Western Germany and this prevented serious crop damage but subsoil moisture is deficient and further rain would be welcome. Spring wheat acreage in Germany is expected to be much larger than last season and will greatly make up for reduced fall planting.

Primary receipts of wheat were smaller and amounted to 628,000 bu compared with 580,000 bu last week and 498,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 462,000 bu.

Trade was only moderate again; there was a firmer undertone to wheat and some allocations were made to Yugoslavia for the purchase of $4 3/4 million worth of breadgrain, and nearly $3 million worth of corn. While the yellow cereal was firm early, there were some reports that Commodity had sold substantial quantities of #3 yellow corn to exporters, and this brought a little selling into the market. Beans were also weaker. May oats declined and it is thought that possibly the northwest elevator house that had been covering so extensively may have completed their operations. Milling demand is slightly better, but still far from good. Generally speaking, the tenor of crop news from growing areas is not optimistic, and good general rains are needed both Northwest and Southwest, and for Canada.

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CHICAGO, 4 April 23, 1953

There had been a rumor late yesterday that Britain had signed the International Wheat Agreement, but from reports that we had early this morning, this was not confirmed. It seems that twenty-seven governments have signed the new Agreement, including the U. S. and Canada, out of a total of forty-six countries that had taken part in the council hearings. Undecided members have until April 27th, if they still wish to sign. After that the Agreement will be ready for ratification by the various governments, including the U. S. Just eight days ago the U. K. Minister of Food announced to the House of Commons that it was the decision of their government not to accede to the new Agreement. Quotas for countries that do not sign will be subtracted from the total, and the total import and export quantities will then be balanced. Nations holding votes representing 50% of both export and import quotas must ratify the new Agreement to put it into effect. There is no obligation on an exporting country to sell except at the maximum price of $2.05, or of an importing country to buy, except at the minimum price of $1.55; so it will be seen that there is some latitude for bargaining.

When our market opened this morning, prices were rather firm. Some of the rains that had fallen in the Southwest were not reported early, but apparently there had been fairly good precipitation on the Northern Plains of the Texas Panhandle and these extended to southwestern Oklahoma, with 1/4 to 1/2 inch reported at a number of stations. Around Altus and Duke, it was still raining, and 1/2 inch had already occurred. It was supposed to be rather general in that territory, while the early local Southwest forecast for Oklahoma indicated rain all day and ending tonight. Our weather man was also forecasting an unsettled condition for the Southwest, although he believed that in Kansas the rains might be more in the eastern and central sections of the state.

It was rather difficult for the market to gain much impetus on the upside, and in fact, trade was very light. Some business is starting again with Germany, which may include 5 cargoes of gulf hard winters, and the same quantity of red wheat from the Atlantic. There is still 260,000 tons yet to be bought before IWA expires for the season. Austria has indefinitely postponed its purchases, but there was some business in corn, the U. K. having purchased a cargo via the Atlantic, also a few parcels, while Yugoslavia was said to have bought a cargo of No. 2 red wheat for May shipment and also a cargo of corn.

Our clearances of corn have held up well so far this season. Since October 1st, they have exceeded shipments of last year for the same period by 30 million bu; thus far 81 1/4 million bu has been exported. Our clearances of beans are 10 million bu greater, having reached a 22 1/2 million figure vs. 12 1/2 million a year ago. In wheat, we are falling down badly, total wheat and flour shipments amounting to 263 million bu since the 1st of July compared with nearly 388 million bu a year ago. Canada has been doing a comparatively better job and since August 1st has shipped 236 1/2 million bu, an increase of 18 million bu from last season. Australia has shipped 65 million, which is a cut of 5 million bu from last year, while Argentine wheat exports are only about 6 1/2 million bu, certainly a small amount in comparison with the large crop that was raised, and actual shipments of 22 3/4 million bu last year, when they had suffered a crop disaster.

Primary receipts of wheat today totaled 1,278,000 bu vs. 1,186,000 bu last week, and 925,000 bu last year. So far this week wheat stocks in Kansas City and Minneapolis show a net increase of 642,000 bu.

During the session further moisture reports were received from areas in Kansas. Our wheat market turned strong toward the latter part of the session probably due to the fact that there was some wheat worked out of Chicago to exporters in the East. While this operation may not be general, there may be further sales as the price now is about May price FOB cars and it gives the elevator interests an opportunity to release money tied up in Illinois proportional billing. This also had the effect of relieving some tension in Kansas City that further red wheat might be worked to that market, and both Kansas City and Minneapolis showed strength. According to The Southwestern Miller there has been a light pickup in flour sales, but only modest quantities involved.

We heard during the session that a couple of cargoes of oats might be loaded in Canada for shipment to Chicago, but so far we have not been able to confirm same. The hog market was very strong, making the feeding ratio quite favorable.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 24, 1953.

As we mentioned in our letter yesterday, there are a number of Chicago elevator concerns that have a fair amount of money tied up in Illinois proportional billing. The only way they can capitalize on this asset is by shipping wheat to the East, which is probably one of the reasons why a fair amount of red wheat has recently been worked to seaboard destinations even though the price may not have been overly attractive. It does, however, reduce the available stocks in Chicago for delivery, and some people are of the opinion that there may be a total of 1 to 1 1/2 million bu involved in these transactions, but if this is all it would not deplete our total wheat stocks here in Chicago to an extent that might cause any real tightness in the May future. Of course, there is the possibility that if more business is worked to Germany or Yugoslavia, exporters might come to Chicago for their supplies so that the situation is a little more uncertain than it has been heretofore. There were several cargoes of soft wheat sold overnight to Yugoslavia, and one of the houses in the Northwest that presumably did the business was covering May wheat futures, and the spread narrowed considerably between old and new-crop positions. There is also the possibility that after April 30th when the government acquires 10 to 12 million bu red wheat through defaults, some of this wheat might be sold on the market; therefore, there is no certainty about anything at the moment, but we mention these various possibilities to keep our trade fully informed.

This morning in the forepart of the session, 18 1/4 over Chicago was bid for No. 2 red, track Baltimore, for export, which they say is equal to about 1/2 over May price, FOB cars Chicago, allowing for brokerage and incidental outloading charges, but no allowance for elevation. This is the best price in some time, and was probably responsible for some unwinding of spreads between May wheat and the new-crop months.

There had been some nice rains reported Southwest in addition to those received yesterday; Oklahoma was benefited and some territories had a total of 2 inches or more, while southeastern Kansas had an inch or so of rain, principally around the Coffeyville section. Moisture, of course, is very welcome, and the 2 to 4 inches reported in some parts of eastern Oklahoma should do some good but the main areas in central and western parts of the state did not fare as well, nor was there very much in central or western Kansas where soil has dried out due to high temperatures, some winds, and previous adverse conditions. There was some nice rain reported in Canada, which is also regarded as very beneficial because they have suffered from dry soil conditions; in fact, the whole country has had less than normal rainfall except for the Central States and some of the eastern territories that are less important for grain.

The outlook for red wheat in Illinois, Indiana, Ohio, and Michigan is still very good, and all indications point to a crop that will probably be as large as last year if we have normal weather conditions from now until harvest.

Winnipeg reported that 150,000 bu oats cleared for Buffalo yesterday but we have not heard of any shipments to Chicago.

The Senate Agricultural Committee held meetings yesterday on the "pros" and "cons" of unrestricted imports from Canada. One cooperative firm was opposed to oat imports, while another favored them. It will probably be some time before any definite action is taken, if at all.

Primary receipts of wheat were 886,000 bu compared with 1 1/4 million last week and 756,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 750,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease last year of 5 million bu.

Trade was again very moderate. There was a better undertone to corn even at times when the leading cereal was weak. Oats also came in for some attention with the open interest in the May future still 22 3/4 million bu, and covering apparently by an elevator concern which was quite active in that direction earlier in the week. Beans were somewhat lower in the early part of the session but firmed up; in fact, the whole market improved in the last hour or so of trade, July wheat, which was down nearly to the season's low early, derived some benefits from the strength in other pits, despite the rains. Late in the session, Belgrade denied that it had purchased more than one cargo red winter wheat but this had no influence. Milling demand is somewhat improved but no particular spurt in buying

and apparently bakers are letting their stocks run pretty low.

UHLMANN GRAIN CO.

CHICAGO, 4 April 27, 1953

Today will be the last day for the various exporting and importing countries to sign the new International Wheat Agreement for an additional three-year period. As near as we can tell the four exporting countries, comprising Canada, France, the U. S., and Australia, have become parties to the Agreement, while twenty-seven importing countries have become signatories since April 13th. The total quotas of the importing signatories amount to 334 million bu. The U. S. has tentatively been given an export quota of 270 million bu, but, of course, that will have to be reduced if Britain and some of the other importing nations do not finally go along with the Agreement. Under-Secretary Morse has stated that the number of signatories and the substantial quantities of wheat they represent are an indication of a satisfying degree of mutual agreement on the terms and provisions of the new Pact.

Our market has shown a little firmness during the last two sessions, probably in response to higher prices at Minneapolis and Kansas City, and it seems that the loan program is having some effect because of the large amounts of grain that have been impounded, although it is felt relatively less in Chicago and in the red wheat centers owing to the fact that,historically, actually less red wheat goes into the loan than other varieties, plus the fact that the early demand for soft wheat has been poor. Of late, there has been better inquiry for soft wheat from exporters, and in recent days Yugoslavia and Germany have taken fairly good quantities, which has not only helped the premium basis but is also going to draw on Chicago stocks, as supplies east of us have been pretty well depleted. Additional sales consummated with Yugoslavia were at prices as high as 21 1/2¢ over Chicago May, FOB vessel Atlantic, for May clearance. Very likely, half the export purchases have already been made but some quantities of red wheat are also likely to be scheduled to Germany tomorrow. For these reasons May wheat has been gaining on July and the other new-crop deliveries. Of course, the government will probably acquire 10 to 12 million bu red wheat on April 30th but until all the figures are compiled and they know the locations, there is some doubt whether substantial sales may be expected on part of CCC.

Late Friday, the Agricultural Department showed total wheat stocks of 840 million bu in various positions, which was the second largest on record for April 1st. The figure, however, is in line with an expected carryover of 575 to 600 million bu; therefore, had no particular market significance. Total corn stocks of 1,808 million bu included 1,466 million on farms, which was the third largest amount in that position for the twenty-eight years of government recording, and reflected the relatively large quantity under government loans. Almost simultaneously it was announced that farmers would be permitted to re-seal their corn presently under loan for one year rather than turning it over to CCC at the present maturity date on July 31st. Purchase agreement corn is also extended for a like period on a loan basis. The storage payment for the full re-seal period will be 13¢ a bu. Strangely enough, this had very little influence at first, although markets opened somewhat higher.

Southwest weather mostly dry with wind and dust reported but scattered showers are expected by tomorrow. The Northwest fared better; Montana received 1/2 to 3/4 inch rain except in the south central portion where it was not so badly needed. There was heavy rainfall east of the Mississippi river and some light showers were reported in Canada.

When the visible supply was posted wheat decreased 429,000 bu to 194.7 million bu compared with 89.6 million last year. Corn decreased nearly 1 million bu., and the present stockof 28.6 million is 20 million bu smaller than a year ago. Oats showed a small increase, but there is 2 1/2 million bu more in various positions than last year. Chicago wheat stocks were cut to 9.3 million bu, corn stocks were reduced to 7 million bu, and Chicago oat stocks to 3.2 million bu. There was a small increase in rye, but it was about offset by the reduction in afloat stocks. Beans locally are a little over 1 million bu.

Trade was rather moderate, and while early it was though that some rains might occur in the Southwest, the later forecast was unfavorable. Chances are there will be some wind and high temperatures. Wheat prices were firm, and beans had a good advance in sympathy with higher prices for meal. Offerings of corn from the country were heavy and prevented sharper gains for that cereal.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 28, 1953

For a time international developments and the beginning of Korean truce talks had quite an influence on our grain market, but of late more attention has been paid to the red wheat situation in Chicago and the possibility of heavier exports that might reduce burdensome supplies in Chicago and put us more into line with outside markets. Progress toward a peaceful solution of world problems might easily bring substantial reduction in defense outlays, but even so not much decline is likely this year in view of commitments that have already been made and the large unspent balances. Defense spending now makes up 14% of the total expenditure in the U. S. economy. Prospects for a decline might cause more caution about large expenditures on part of businessmen and consumers.

As we look more specifically at wheat and the statistics surrounding that market, we find there is not much change in the over-all supply situation for the coming year. While it is too early to appraise the crop accurately, it will undoubtedly be smaller than last year, according to current prospects, but the decline is likely to be offset by the sharp increase in stocks from previous seasons. A good many people have questioned us, and have asked why the loan was not more effective this year with such large quantities impounded. One reason, of course, is that the government has been more aggressive in selling its acquired holdings. However, when we look at cash wheat in the Southwest and observe that 12% protein wheat is bringing 12 to 14¢ over Kansas City May, we find that the price ranges from $2.42 to $2.44. When we observe that No. 1 Northern wheat in Minneapolis is bringing 5¢ over their May future, it means a price of about $2.42; thus the loan has had a strengthening effect, despite government selling, although in Chicago the picture is quite different, largely because of the red wheat situation. There was only about 10 to 12 million bu wheat impounded in the soft winter wheat states, and thus the bulk of the red wheat crop was for sale, while at the beginning of the season, the subsidy was low in comparison with that paid on other varieties. Consequently, the foreign demand for soft wheat was quite poor early and it only strengthened later in the season when our wheat appeared cheap in comparison with other markets.

Before our market opened this morning there had been no reports of moisture Southwest, although the map looks a little unsettled, and during the next thirty-six hours we may have some light precipitation in Kansas, Oklahoma, and even Texas. The five-day forecast is also optimistic, although it indicates greater likelihood of heavier rains in the eastern than in the western sections. There has been a little precipitation in the Northwest, with possibly one-third inch rain likely in the Dakotas during the next four or five days, while in Canada there were some rains in Southwestern Alberta but nothing much elsewhere.

The expected business with Germany was consummated in part, and that country purchased 25,000 tons No. 2 red wheat, together with 20,000 tons No. 2 hard wheat and some parcels of Pacific Coast hard wheat, while Yugoslavia bought 6,000 tons red wheat for May shipment. Altogether it is figured that about a million bu red wheat is involved in these transactions, and this had some influence on our May future this morning, although it is still felt that with the defaults that occur on April 30th, it will not be long now before the government becomes a little more aggressive in their selling program for export, and this would even include some red wheat that will undoubtedly come into their possession.

Primary receipts of wheat amounted to 884,000 bu, which was quite a little smaller than the 1.1 million last week, but compared with 656,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 28,000 bu.

On the overnight export business there were quite a few hedges covered, mostly in the May future. This had a little influence early, but wheat finally reacted, as there was considerable selling in corn, and the yellow cereal broke about 1 1/2¢ but there was no particular news except that the country continued to sell fair quantities. The later forecast was not quite as optimistic for Southwest rain, and we are getting to a period now where we shall need precipitation quite badly, particularly if temperatures remain high. It looks, however, as though there would be some moderation from the 85 to 90 degree readings of today. Flour business is still very light, and the trade is quite indifferent, despite the fact that wheat prices are close to the season's low. Rye was weak, and made new lows on the crop without attracting much attention. Beans closed weak despite firmness in meal.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 29, 1953

While it is still very early in the season, it looks as though the eating habits of the American people may be kept up fully to those of a year earlier. If we have reasonably favorable weather conditions, it is expected that there will be more fresh vegetables marketed this spring and early summer than last year. The extent of damage by recent frosts to deciduous fruit trees has not yet been determined. While it is true that our pork consumption may be about 15% less than last year's rate of 72 lbs per person because of smaller production, this is easily offset by a sharp increase in beef and veal supplies and may be accompanied by some increase also in lamb and mutton. Also, the increase in the retail price of pork will probably not be as great as the decrease in the price of other meats, so that meat prices on the whole may average a little lower than in 1952. In contrast to twelve months ago, there is now an abundance of potatoes from the record early crop, which is about ready for marketing, and prices will be somewhat cheaper. There has also been slightly more poultry meat produced so far in 1953 than a year ago, although the output of eggs is somewhat smaller. Consumption of most dairy products during the spring and early summer will probably equal the rates of a year earlier. However, with milk output reaching its seasonal peak early in June, supplies will probably exceed current consumption. As usual, some of the excess will go into commercial stocks but further purchases under government price-support programs will be necessary.

Before the opening of our market there was not much to guide it. Some rains had been reported in the Southwest and there was 1/3 inch rain at Hutchinson, Kansas, with somewhat heavier amounts in the southeastern part of the state, even a little out west, with nearly 1/4 inch at Goodland. Indications are for further precipitation but probably not too much in the west, although fair amounts may be expected in eastern and central districts. They had nothing to speak of in the Texas Panhandle, nor is any looked for. Unfortunately, the Texas rains were mostly around Fort Worth, which is not a heavy grain-producing area. There was some moisture in the Northwest but amounts reported early were relatively light. Alberta reported light rain in the southern part of the Province but nothing of consequence elsewhere.

European conditions are mostly favorable, both for the Continent and the U.K., although growth of grains is still backward. Weather in France has been quite good but local insect damage has been reported. The combined acreage of winter and spring wheat on April 1st was smaller than last year but there have been sharp increases in the barley and oat acreages officially reported. Trade sources indicate that some irreparable damage has been sustained in Northern sections of Italy where they had the prolonged drought, although growing conditions are ideal in the Southern parts. Further moisture is needed in Western Germany as the previous long dry spell has depleted reserve moisture supplies. However, crops in most sections of the country are satisfactory.

Early export business was reported to Germany, with 2 1/2 cargoes Pacific Coast wheat sold, while the U. K. bought some parcels of corn and Canadian barley.

Primary receipts of wheat were 548,000 bu compared with 628,000 bu last week and 744,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 20,000 bu.

Markets were mostly weak, new lows were made on the crop for some wheat futures, also for rye. The most important change was that the spread between May wheat and the deferred months reversed itself. It now looks as though fairly substantial deliveries might be made, but in any case there was 66.3 million bu wheat in all positions for the states of Ohio, Indiana, Illinois, and Michigan on April 1st--over twice as much as we had last year, and only 15.6 million bu impounded. Thus it shows that even with the red wheat that has been sold lately, remaining stocks must be substantial. In contrast to this, Kansas has 213 1/2 million bu wheat left in all positions but 170 million bu is impounded, while in Oklahoma with a stock of 53 1/2 million bu, 48 1/2 million bu is under loan. The crushing report on beans showed 9 million bu less processed than a year ago and with the crop 9 million bu greater, this was construed as somewhat bearish. The close, however, was very firm. Corn declined, although country offerings were light. Deferred months held steady.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 30, 1953.

After the close of the market yesterday, new parity figures were published for April but no significant changes were made. Oats and corn were about the same, while a slight increase in wheat was offset by lower parity figures for beans and flax. There was, however, a more important report issued by the Department of Agriculture with respect to soybean stocks in all positions. This showed 145.8 million bu beans still on hand, including 58.3 million bu on farms. The total was nearly 16 million bu larger than last year, which we regard as slightly bearish, We say this because the crop was only 9 million bu larger this season than last, while exports of beans had been 9 million greater; thus the domestic consumption must be considerably smaller, plus the fact that processing plants have about 7 million bu more beans on hand than they had a year ago. CCC holdings are 815,000 bu against nothing held by that organization last season. With almost as many beans on the farms as a year ago, it is surprising that not more are coming forward. However, this may come later on, and in the meantime, with somewhat lower prices for meal in the early transactions, the opening quotations for beans showed declines as compared with the close the day before.

We had some wonderful moisture overnight. This was in the form of rain and snow over our Northwest and in Canada. For example, Aberdeen, South Dakota had 1 3/4 inches rain and smaller amounts were reported elsewhere, but on the whole there has been considerable relief during the last week or ten days. In the Province of Alberta fair moisture had fallen but rains were light in Saskatchewan and Manitoba. We also had some wonderful relief in the state of Nebraska, while Norton, Kansas had about an inch of rain but amounts varied and were smaller for other sections of Kansas, although the early forecast suggested that central and eastern portions of Kansas and Oklahoma might be favored again during the next thirty-six hours. As a result of these factors and no particular buying for export account, there was a further recession in wheat prices, with new lows made for several of the futures before new buying came into the pit.

Wheat and flour exports during the past week showed some improvement and amounted to 6.1 million bu, which brings the total for the season to 270 million bu compared with 393 million a year ago. On this basis we may reach the goal for the entire period of 325 million bu, which would probably give us a carryover supply on July 1st of about 575 million bu. Shipments of corn for the week were 1 1/2 million bu, and since 1st of October we have cleared 83 1/2 million bu compared with 52 3/4 a year ago. Total shipments of beans since October 1st amounted to 23 million bu, but apparently the products have been in poorer demand.

It seems that on breaks the movement of corn from country points falls off almost completely. This may be due to favorable feeding ratios, The Chicago corn-hog ratio for the week improved to 14.5 while a week ago it was 13.5, and a year ago only 9.3.

Primary receipts of wheat today totaled 971,000 bu vs 1,278,000 bu last week, and 450,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City stock of wheat show a net increase of 43,000 bu.

The market today was under the influence of the first day of tenders, and up to around noon hour it appeared as though 698,000 bu of wheat, 1,175,000 bu of corn, and 870,000 bu of rye had been put out for delivery. So far tenders on oats were rather nominal, only 75,000 bu, although it is expected that larger tenders will be made by afternoon. One of the large elevator houses seemed to be changing hedges over from May to July, and also buying May oats outright. The same interests apparently werechanging May wheat over to July. According to The Southwestern Miller a fairly heavy flour business was consummated in hard winter with several chains covering requirements for about 30 days. It is thought that any further declines in the market would bring out a greater volume. Liquidation was not heavy in beans. The government report of yesterday showing stocks in all positions as nearly 16 million bu more than a year ago, despite heavier exports, was construed as somewhat bearish.

UHLMANN GRAIN CO.

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CHICAGO, 4 May 1, 1953

Confidence was further shaken yesterday, and while wheat futures had sold at the lowest price in several years, it was also recognized in some quarters that the market might not be entirely one-sided owing to the fact that some artificial influences might still have a bearing on the price level. It will be some time yet before we find out how much the defaults will be against loans on last summer's wheat crop. However, it is estimated that except for the small quantities that may have been redeemed a few weeks back when prices were better, the government will still acquire very large quantities, probably well over 400 million bu, and possibly as much as 425 million bu, including purchase agreements. In view of other stocks that the government owns from previous years, it will mean that 525 million bu or more will be under government domination,which is still a large percentage of the prospective carryover.

This is probably the reason for the great strength in outside markets as compared to Chicago. Kansas City last night closed 10¢ per bu higher than we did on the May future and Minneapolis was 20¢ higher than we were, indicating that where the red wheat is not a burden, the loan is at least having some influence. On the other hand CCC is pursuing a more aggressive selling policy, at least for export, but it cannot be overlooked that the available storage adds somewhat to the bearish picture. For example, in Kansas City there is only thought to be about 10 million bu free space, so that even with a small crop coming along, it will not take much of a movement before congestion takes place. Storage elsewhere in the Southwest is similarly crowded, and with 213 million bu wheat held in Kansas on April 1st, and barely a month before the new crop will start to move in parts of Texas and Oklahoma, we may have some wheat forced on the market that would normally go under the loan, particularly with such discounts as now exist. Here in the Central States there is no reason to expect that more than the usual percentage will be impounded, and from that point of view Chicago may again sell at discounts under outside markets, so that a disparity between Chicago and Kansas City and between Chicago and Minneapolis might easily prevail again for another twelve-month period,

We had some fine rains in the Northwest and in Canada; however, precipitation Southwest did not amount to much, and there are complaints again in southern and southwestern parts of Oklahoma and in the Texas Panhandle that the crop is going backward unless relief is forthcoming within a short period. The five-day forecast is not too optimistic, but with the large reserve stocks not much attention is paid to those factors.

The International Wheat Agreement has been accepted by all the importing participants except Britain. A recent editorial in the Calgary Herald says that the British have been trading their way around the world for centuries and make very few mistakes when it comes to buying the foodstuffs they need to feed themselves. If they are refusing to have any part of the Agreement, which would require them to buy specified quantities of wheat at $2.05, it must be because they feel they can buy their wheat more cheaply in the open market. They further point out that the price of wheat has been taken away from the place where it should be decided-- the market place-- and put into the hands of bureaucrats. An agreement, they insist, will work so long as, and only so long as, the price it sets is approximately the same as the market price. As soon as a marked divergence appears the agreement will inevitably break down even though it be engraved on gold.

Primary receipts of wheat were 1.1 million bu compared with 886,000 bu last week, and 632,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 145,000 bu. When the visible supply is posted on Monday it will compare with a decrease last season of 2 3/4 million bu.

Markets were hesitant and indifferent for a while, but finally showed a little firmness. There was no urgent selling such as we had yesterday, and liquidation apparently has been pretty thorough. Tenders on May contracts were relatively light --only 50,000 bu of wheat, and 269,000 bu of corn, together with small quantities of other commodities. No beans have been tendered so far, and this is causing a little anxiety on part of shorts. The trade is only of moderate proportions. Rye deliveries were heavy in Canada with over 2 1/2 million bu tendered, but this failed to have much of an effect on prices here. Many people point out that it is very seldom that rye sells for less than corn.

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CHICAGO, 4 May ~~5~~ 4, 1953.

Since Friday rainfall was quite general over the Canadian Provinces, our own spring wheat belt, and the corn belt, and it would appear that during the past week to ten days conditions in our Northwest states have improved considerably. There was some light rainfall in western Kansas but on the whole precipitation was inconsequential over the Southwest.

The Santa Fe Railroad points out that the winter wheat crop prospects in northwest Texas cannot be considered much more than 50% of average, and that it will require favorable conditions from now on to raise as much as was grown in 1952. They also point out that ideal conditions will be necessary in Oklahoma, and we also understand from our own sources that some moisture will be necessary in the very near future as the crop in at least the southwestern part of the state has been going backward. The most favored section of winter wheat, of course, is that area east of the Mississippi, which includes the red wheat states.

Quite a bit of press notoriety was given over the week-end to the importation of Canadian oats and the operation of one of the larger elevator concerns in the Chicago market. As we view the situation, it is a rather complicated one with many ramifications. In the first place anyone wishing to buy cash oats in Canada must rely on the Canadian Wheat Board as no one else is permitted to buy oats in the country for shipment to terminals. The transactions in Canada are either by the purchase of the cash from the Wheat Board but in most cases the purchase of futures in the pit with the Wheat Board supplying the deliveries.

This has undoubtedly led to some of the selling of Chicago futures as a hedge. Furthermore, the importation of Canadian oats opens up the entire question of reciprocal trade. If this country should impose a ban on oats from our Northern neighbor, then the question might be raised as to what effect this will have on large Canadian imports from this country of fresh fruits, vegetables, rice, corn, etc., all of which creates a heavy dollar balance in the U. S. favor. Canada ia a very important customer of the U. S. At the present time the State Department has asked Congress to halt action on a bill proposed by fourteen western Senators intended to curb the increasing flow of foreign agricultural imports, claiming that it would tend to exclude foreign agriculture most of the time unless domestic prices were above the full parity level. It is asserted that dollar earnings of foreign countries would be reduced leaving those nations in a less favorable position to buy American products. They state there is a real risk that the proposed measure could lead to even greater expenditures in supporting the price of our export crops that might be saved in excluding import crops.

It was also reported that the government is suspending the Food and Drug Administration's program designed to protect consumers from rodent and insect infected grain. A voluntary announcement by the Agricultural Department and the Department of Health, Education and Welfare stated that enforcement of the program which called for compulsory federal inspection of stored grain would be set aside temporarily pending further study, and that the enforcement aspects of the program were suspended because of "undertainties involved in the program." So it appears that the program scheduled to begin July 1st on weevil infestation would not go into effect until some later date until further studies and promotion work has been undertaken.

Primary receipts of wheat today totaled 2,550,000 bu with Milwaukee missing vs 2,337,000 bu last week, and 744,000 bu last year. When the visible supply was posted wheat showed a decrease of 142,000 bu, leaving the total about 195 million bu. or almost 108 million bu more than lastyear. Chicago wheat stocks decreased 871,000 bu leaving a balance in this market of about 8 1/2 million bu. Corn stocks here also decreased 651,000 bu, leaving on hand approximately 6,400,000 bu. Oats showed a decrease of 138,000 bu, while rye stocks increased a little over 400,000 bu.

According to The Southwestern Miller, there was some fair amounts of spring wheat flour sold over the weekend, although bookings by hard winter mills were almost a blank. A better tone existed in all pits, and possibly the effect of deliveries has fairly well run its course. At least the local feeling was more optimistic. Yugoslavia was supposed to have purchased one cargo of red winter wheat, and it is also expected that Austria will be in the market Tuesday for four cargoes of spring wheat, and possibly some hard winters. Germany has yet to purchase about 250,000 tons of U. S. wheat to fill out IWA quota. It was reported that about 400,000 bu of Canadian oats cleared Friday for Buffalo.

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CHICAGO, 4 May 5, 1953

We were furnished with a private estimate today on winter wheat which showed no surprises. While production was estimated at approximately 6 million bu larger than the April 1st official government report, it showed a lessening in prospects in Kansas, Oklahoma, and Texas of approximately 12 million bu from the previous government report, the main increase coming in the States of Nebraska, Montana, Colorado, and Washington. Prospects for the soft winter wheat States of Ohio, Indiana Illinois, and Michigan were in line with the previous government estimate.

The present administration has inherited a terrific load from past administrations, and under the price-support programs may inherit the largest amount of money invested in farm surpluses since the advent of price supports. This inheritance will come in the face of declining commodity prices. Secretary of Agriculture Benson, in his remarks before the Chamber of Commerce of the United States last week, mentioned that he is now seeking a new approach to farm problems and calls attention that, despite the fact that we have not added to our farm area, we have increased our crop production per acre by more than one-fourth, and our total output from the nation's farms by 40%. The livestock output per animal breeding unit has increased one-fourth and the production per man-hour 70%. He calls attention to the fact that in 1850 each farmer produced enough for himself and four others, while today, he produces enough for himself and fourteen others. This performance is a testimonial to the ingenuity and resourcefulness of the farmer, but Mr. Benson also brings to the foreground that the farmer did not achieve these records singlehanded. They were the results of teamwork backed by years of faithful and devoted research and assisted through industries and businesses which have been prime developers of new methods and techniques. Farmers today use three times as much machinery as they did before World War II, three times as much fertilizer and more than twice as many buildings and motor vehicles. In short research and capital represented by industrial goods and services have become indispensable agricultural resources and will increase in importance in the future. To make the most of our resources, he contends that we cannot afford an agriculture that does not depend mainly on the guidance of a price mechanism to guide both production and consumption, and we cannot permit ourselves to be deluded by the lure of politically or socially contrived price standards, and that it seems impossible to give enough emphasis to the importance of price as the only workable language by which producers and consumers can understand each other and cooperate for the common good. We have quoted rather freely from the Secretary's presentation, as it is rather refreshing to understand his philosophy after so many years of artificialities.

The weekly Kansas crop report states that growth and development of wheat has been retarded by cool weather, that moisture is seriously needed in the southwest, and each day without beneficial rains means additional abandoned acreage. The wheat prospects in that state are extremely variable. The Oklahoma report mentions that condition of wheat declined because of drought, and the abandonment is extremely high in the western half of that Panhandle and in the extreme southwestern area. Texas also reports wheat prospects faded further in the northwest area. One report from the Northwest states that cold and rainyweather brought field work to a standstill, and what is needed now is fair and warmer weather to permit seeding to be resumed.

Primary receipts of wheat today totaled 923,000 bu vs. 884,000 bu last week, and 711,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks decreased 71,000 bu.

According to The Southwestern Miller flour business was slack overnight and buying is at a standstill. It was reported that Austria bought 2 cargoes of U.S.spring wheat. Red wheat was sold for shipment out of Chicago at 19 1/2¢ over, track Atlantic port, which is within a small fraction of a cent of the delivery basis. We are still waiting for the final figures as to the amount of wheat taken over by the CCC on loans, but it may be 30 days before these figures are released. However, it was intimated that redemptions must have been very light.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 6, 1953

Negotiations regarding the releasing of war prisoners of Korean nationality do not seem to be making much progress, and apparently the Communists are using their usual stalling tactics. However, as long as negotiations continue there is always a chance that a satisfactory solution can be found. However, in view of the past record of Soviet proposals, it is not very likely that our government will lower its guard but rather will maintain its military strength. While the present Soviet regime is undoubtedly trying to reduce international tension, President Eisenhower laid before Congress the administration's bill for a $5.8 billion foreign aid program, with the statement that "the basic purpose of this program is simply the long-term security of the U. S. living in the shadow of the Soviet threat;... and until Soviet good faith is proved by deeds, the free nations must rely on their own strength for the preservation of peace."

Weather overnight produced some moisture in eastern Kansas but fair and warmer weather was the rule over the Canadian spring wheat belt and our Northwest. Present weather conditions in our spring wheat states are very welcome. According to one of our very good friends, the past week was one of the finest moisture periods they have had in the Northwest in several years. There was a pretty steady week of rain with the run-off very light. This naturally retarded seeding but our source of information believes that a week of good weather, such as was experienced over the week-end, will see most of the wheat crop in the ground. If so, he is looking for a very fine crop prospect the first of June.

Broomhall in his Foreign Crop Summary states that weather was mostly clear after good rains in many countries of Europe. He believes that Italy has seeded about 2% more winter wheat than last year, and that the U. K. has seeded more wheat but less barley and oats. A good crop of wheat could be grown in France, despite a smaller acreage in the South. Wheat seeding in Australia is in full swing. Black Sea shipments have been falling considerably behind a year ago. Since August 1st, the total of all grains shipped has been 26 million bu compared with 65 million bu a year ago.

May 31st will be the end of the period for applications for the corn loan. Despite the fact that prices in the country are probably 16 to 17¢ under the basis of the Chicago futures, the country still continues to offer corn on any advance in price. The corn-hog ratio is extremely favorable for feeding. At the moment, the average hog price is $23.40 in Chicago, which is considerably higher than loan equivalent, and compared with the price a year ago of $18.90. May corn in Chicago is selling for approximately $1.57 against $1.81 a year ago.

Some attention has been called to the fact that there have been no deliveries against May contracts of beans, and contract stocks in Chicago are relatively small. However, there is a larger stock in Kansas City, and according to one advice which we have, there is a possibility of between 1/4 and 1/2 million bu moving from that market to Chicago. At the moment the West Coast is proving a better outlet but it is only for limited quantities and any advance in the May price could bring additional beans into this market.

Primary receipts of wheat today amounted to 350,000 bu vs 548,000 bu last week, and 947,000 bu on comparable day of last year. So far this week, Minneapolis and Kansas City wheat stocks show a net increase of 45,000 bu.

According to the U. S. Department of Agriculture, U. S. exports of grain and grain products increased substantially in March than earlier months, with wheat and wheat products the largest since May, 1952. However, for the first nine months of our crop year exports of wheat and wheat products were approximately 264 1/2 million bu compared with 362 million bu in like period a year ago.

Wheat futures showed weakness throughout most of the session; in fact all future months touched new low ground for the season.

According to The Southwestern Miller flour buyers are following an extremel conservative policy, and whatever bookings are taking place are from bakers and jobbers whose contracts are about exhausted. So far today have heard of no export business of wheat, and apparently export flour business is extremely inactive.

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CHICAGO MERCANTILE EX.

May 7, 1953

In trying to analyze the wheat situation there are a good number of factors that have to be taken into the reckoning. It now looks as though our carryover reserve on July 1st will probably be 575 million bu, or a little less, and we say this for the reason that export shipments are of better volume than had been anticipated. During the week 5.8 million bu was exported, and apparently shipments are holding up quite well, as evidenced by the fact that we cleared 37 million bu during March. Broomhall now admits that his figure of a total since July 1st of 276 1/4 million bu may be a little low, as the official figures to the end of March showed that nearly 265 million bu had actually been shipped.

Going on the assumption then that we shall have a reserve stock of 560 to 575 million bu, one must resolve for himself how much of that quantity will be in free hands, and, of course, that cannot be determined until we know how large redemptions were on loan wheat, or in other words, how much was finally defaulted. Our guess would be that the government may wind up owning about 500 million bu wheat and that would leave only about 75 million bu in free hands, which, if there were no other reserves, would be a very small quantity indeed. We recall that at the end of 1946 there was only 100 million bu wheat in the reserve stock, and the following year, 1947, the total carryover was 84 million bu. In both instances wheat was bringing very high prices; in fact, the May delivery was ruling at a tremendous premium over July. For example on May 1, 1947, the nearby month was selling 37¢ a bu higher than July, indicating that the great shortage was being keenly felt. On May 1st of the following year, all wheat futures were frozen at the ceiling level. At the present time the trade is fully aware of the fact that the government is willing to dispose of its holdings through exporting channels. Furthermore, if we should get a sharp advance, CCC could even sell its supplies in the domestic market; therefore, we are not entirely dependent on the new-crop even though temporarily there is no important pressure from any sourc

Cash wheat in the Southwest is very firmly held, and consumers are paying big premiums for the daily receipts over the May future, while to a lesser extent this is true also in Minneapolis. Here in Chicago red wheat supplies have been diminishing through sales that have been made from this market, but yet there is stil about 6 million bu red wheat in store. Apparently this is considered sufficient in view of the fact that another large winter wheat crop is in prospect. From the recent figures we have given, it will be noted that there was still about 50 million bu free wheat on hand on April 1st in the States of Illinois, Indiana, Michigan and Ohio. Under such conditions, prices here have been suffering almost every day and new lows on the crop were made again this morning, with not much buying power, and even some adverse crop reports in the Southwest failed to attract much attention. The fact that the Communists have made two concessions with respect to prisoners is also regarded as a little more hopeful toward a truce, and may have added a little to the bearish feeling, although not much mention was made of this factor on the trading floor.

Primary receipts of wheat totaled 734,000 bu compared with 971,000 bu last week and 698,000 bu last year. Kansas City and Minneapolis so far this week show a net increase of 22,000 bu.

While markets were never strong, there was a report from Washington during the last half-hour of trading that officials of the Agricultural Department had confirmed reports that the government's package plan for supporting cottonseed prices would not be renewed. This caused a further break in beans, in oil, and weakness spread to other pits. Early attempts to rally wheat and corn failed, as apparently there was very little buying support, and it seems that the flour business is still of very limited proportions although some of the bakeries have been letting their flour supplies run extremely low. As wheat prices went into new low ground, it discouraged longs and now that there is a little further hope for peace, it seems difficult to inspire much buying in Chicago even though Minneapolis is holding relatively better than we are, but, of course, they do not have the red wheat situation.

Those who attended the Texas Panhandle Grain Dealers' Convention claimed that the Texas wheat crop looked verypoor, and each day without moisture must be taking a certain toll from the already small production. The main hope there is that there will be rains in time to seed milo. There is, however, no indication of rain for the next forty-eight hours.

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CHICAGO, 4 May 8, 1953

President Eisenhower's speech in New York last night was well received and regarded as constructive. He remarked that he was setting up the best organisation possible in order to maintain the nation's economic stability and to encourage private initiative among the 158 million Americans. He stressed that an expanding trade with foreign nations is essential to American economic strength and in building friendship with foreign nations. Little was said about agriculture, but Secretary Benson in a recent letter to Senator Young denied that he was attacking the present price-support program but that rather he was in search of something better. He further stated that he would faithfully administer the present legislation in the meantime, and pointed out that the Republican platform had favored a fair program aimed at full parity for all farm products in the market place. He said that he was doing his best to help in the development of such a program, which would bring about this desirable but difficult objective. This has been the aim and philosophy allthrough the Department and just a few days ago Under-Secretary Morse said that the Department was examining present farm programs to see how well they served all of the people. He said they must be improved for the taxpayers paid for these programs and they should, therefore, get the full value for the tax dollars invested in them.

When our market opened this morning there was a little more firmness and everyone realizes that the recent declines have carried wheat far below the loan level, but there is still some doubt as to whether the support program can be fully effective, so long as the demand for red wheat is poor and farmers in this section of the country impound only a small amount of what is actually raised. We have been struggling here in Chicago, while other markets, such as Kansas City and Minneapolis, have held relatively firm. As we pointed out on many occasions, a large percentage of the wheat in the Northwest and in the Southwest went under loan, while in the Central States farmers who raise soft wheat varieties were apparently more interested in the price and in the production of corn, oats, and beans. Therefore, their relatively small interest in wheat made it less necessary for them to protect themselves. We have found that, historically, even a low market price as compared with the loan would not have much influence in putting large percentages of red wheat into the impounded stock. Nevertheless, recent sizeable exports which have drawn on Chicago supplies have brought about some improvement but possibly not enough to be of much help pricewise.

We had no rain overnight except a little along the Canadian border, but Winnipeg told of some nice rain in the Peace River district of Alberta. Showers are forecast for central Alberta and central Saskatchewan. However, there is no relief in sight for our Southwest where temperatures are high and where undoubtedly the crop is going backward. Canadian wheat available for export and carryover after making full allowance for domestic usage is 493 million bu, which is more than has often been raised in that country and is certainly a sizeable quantity to be on hand at this season of the year. Surely they have done a better job in exporting than we have and their shipments from the 1st of August to end of April were 247 million bu compared with only 224 million last season. Of the amount cleared so far nearly 20 million bu was destined to the U.S., mainly for feed.

Primary receipts of wheat totaled 738,000 bu compared with 1.1 million bu last week and 648,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 37,000 bu. When the visible supply is posted on Monday it will compare with a decrease a year ago of 2 3/4 million bu.

Markets were extremely quiet, but there was a better undertone all around. Before the opening meal and oil prices showed a slight advance, and this gave us a rather strong opening in beans, and part of the gains were held throughout the session. Some traders covered short commitments in wheat, figuring that if there were no rains over the extended week-end, we might have higher markets on Monday. The MSA announced authorization to Yugoslavia for $6 million of breadgrains, to Formosa for $2 million of U. S. wheat. Flour business was still very quiet, and we hardly see any hedges being taken out of the pit. There was very little export business reported. Reliable people claim that by the end of this week 85% of the spring wheat seeding will be completed. Not much moisture is looked for in that territory.

Corn was quite strong. Only a few parcels were sold to the U. K., but apparently Canadian barley is furnishing some competition; however, cash premiums in corn hold well.

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CHICAGO, 4 May 11, 1953.

There was some very nice rain in our spring wheat territories, also in Canada, while the Southwest benefited only to the extent that there was rain in central Kansas and in eastern parts of the state, although there was some rain alsoin southwestern Oklahoma, but it was difficult to get any detailed reports early in the session.

After the close of the market today we shall have a government report, and if the winter wheat crop is as large as last month, plus about 275 million bu spring wheat, chances are that farmers will be asked to vote on quotas and acreage allotments. Should they reject those, then the price support would drop to 50% of parity, and on that basis the loan would hardly be effectual; indeed, we might revert to more or less of a free market in wheat. The Agricultural Department will probably have to do quite an educational job to get the quotas approved by two-thirds of the wheat growers. In any case, producers would have to face a severe cut in acreage, probably a reduction to 55 million acres, or 30% less than recent plantings. Nothing creative is ever induced by compulsion, and we recall that when the Agricultural Adjustment Act of 1933 was first enacted the program was invalidated by the Supreme Court on January 6, 1936, but less than two months after the court's action, a new farm subsidy program was put through. This was done by amending the Soil Conversation Act of 1935, which had set up the soil conservation service as a technical agency to deal with problems of agriculture and prevention of soil erosion. Direct subsidy payments under this new program were initiated to get farmers to adopt practices which would conserve and build up soil fertility.

Our market this morning opened somewhat higher, although the wheat advance here was not shared by Kansas City, and it was rather difficult to find much reason for the covering movement except that May wheat had turned stronger toward the end of last week, and apparently red wheat supplies are getting reduced to a point where the burden is not so heavy; in fact, we are now on virtually a full shipping basis for export.

Yugoslavia was reported as a buyer of a cargo of red wheat for June shipment, and this may reduce supplies in Chicago further if the grain is taken from here. Germany will also buy 200,000 tons U.S. and Canadian wheat on May 19th to fill out the IWA quota for June and July. The major portion will probably include hard and soft winter varieties of U.S. wheat. Italy is also expected to re-enter the market later this month. The recent MSA grant of $6 million to Yugoslavia might require purchases of red wheat in this country, and this is all having some effect on the old-crop wheat future. Some more oats are coming in from Canada, although none are destined to Chicago. A cargo of 365,000 bu is headed for Buffalo and a similar quantity is being shipped to Huron. Temperatures in the spring wheat area are very low although some good rains and snow were reported in Saskatchewan and Manitoba, but they were less in Alberta.

When the visible supply of wheat was posted there was a decrease of only 860,000 bu; this leaves total stocks in all positions 193 3/4 million bu compared with 84 million bu last year. Chicago showed most of the decrease -- 724,000 bu, leaving 7.7 million bu here. The U.S. corn visible decreased 1.4 million bu, leaving 25.6 million bu in all positions, or 18 1/2 million bu less than we had a year ago. The oat visible decreased 1 1/4 million bu, the total is down to 9 1/4 million bu, or about the same as a year ago. Beans had a further decrease, and there is only about 800,000 bu left in Chicago.

After mid-session markets reacted, despite some export business in the offing, including late intimations that Spain might buy 5 cargoes wheat on May 18th. There was no great firmness except for the May delivery, while new crop months sold at the season's low points. Rye also made a season's low, which was largely due to the surplus in Canada; their principal shipments have come to the United States, and it seems that their #3 grade with a little mixing of better rye qualifies as #2 when it comes here. Surprisingly enough Europe is taking very little rye, probably due to the fact that there was a big crop in Argentine. Corn prices were somewhat lower, CCC selling is still a factor, and we had about 150 cars in Chicago today which represented government holdings. Otherwise, there was not much pressure, although on advances the country sells a little more freely.

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CHICAGO, 4 May 12, 1953

After the close of the market yesterday the government issued its estimate for the winter wheat crop based on May 1st data, and an expected yield of 730 million bu is in prospect, which would be an increase of 16 million bu from the month before. If we compare this with production last year of 1,052 million bu, it would, indeed, look like a failure crop; yet, we are safer in making comparisons with the ten-year period, 1941-50, when winter wheat averaged 800 million bu, and, therefore, with the adverse weather conditions we experienced in the Southwest, this is really not such a poor showing. As a matter of fact, the prospect at the present time for Kansas, Oklahoma, Nebraska, Colorado, and Texas is for a crop of only 303.5 million bu, a huge reduction from the 600 million bu harvested last season. In other words, it looks as though only about half as much as the 1952 bumper yield. In contrast to this condition, the soft winter wheat states are very glowing and the outlook for Illinois, Indiana, Michigan, and Ohio is for a crop of 176.2 million bu compared with 170 million bu actually harvested last season. If these figures are about in line with the final results, we shall probably have a distorted situation again on market relationships because generally Kansas City and the Missouri river markets sell at a substantial discount under Chicago, while for the past seven or eight months, the opposite condition has existed. Even now May wheat in Kansas City is selling at a premium of 8 to 9¢ a bu over the same future in Chicago, and even new-crop futures in the Southwest are higher than we are, although at the beginning of the season this may not be warranted, as quite a little red wheat is being offered to Kansas City, amounts, of course, being limited by the availability of elevator space.

For some days now May wheat in Chicago has been very strong, and there has been a premium over the new-crop months as compared to a discount a week or two ago. The fact that there is a large export business in the offing with Spain, Germany, Italy, and Yugoslavia is likely to take further quantities and thus reduce the Chicago supply. It was reported this morning that Yugoslavia had bought 2 cargoes red winter wheat at 22 3/8 over July FOB Atlantic, for June clearance. Had it not been for a sudden reversal on part of CCC, May wheat might have been stronger this morning again. It seems that Commodity must have inventoried the amounts of red wheat that were involved in the defaults, and some of their holdings we are told have been offered at a price that figured 19 3/4 over Chicago May, track Atlantic ports. This is about equivalent to the Chicago futures delivery price and might make a difference in the final outcome of May wheat in Chicago, and also in the amount of wheat that we shall finally have in our market on July 1st.

Temperatures in the Southwest were below normal, and we had reports of sleet at Great Bend, Kansas, also some light snow at Syracuse, with the likelihood of freezing by nightfall. Our weather man looks for some moisture in Texas and Oklahoma, but it may be confined mostly to central and eastern parts of those states. They had light rain and snow flurries in parts of Alberta, Saskatchewan, and Manitoba, and there were also some low temperatures in parts of our Northwest. The five-day weather outlook for Nebraska, Kansas, and Oklahoma is for precipitation of 1/4 inch or less in the extreme western sections and northern parts of Nebraska to one inch in eastern Oklahoma; precipitation in the Dakotas will average less than 1/10th inch.

Primary receipts of wheat today were 1,337,000 bu compared with 923,000 bu last week and 1,132,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 108,000 bu. Contract stocks in Chicago declined to 5 3/4 million bu; of this amount 5 1/2 million comprised #2 red wheat.

Markets were never very strong, although there was some firmness on reports from the Southwest that rather low temperatures prevailed; they were in the middle 30's at Hutchinson and Great Bend, but we have seen on previous occasions that Kansas frosts coming as late as May 21st did very little damage and even though temperatures had dropped to 29 degrees yields were still very favorable. May wheat today was not quite as gimpy, but yet maintained a premium over July, and we understand that about 300,000 bu of red wheat was loaded out of this market for eastern destination. Corn was firm, and there were only 70 cars here today, but receipts on Tuesdays are generally light-- of this amount only 24 were for Commodity. Beans were strong and May shorts are nervous because of the small supplies in Chicago. May oats were also very firm.

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CHICAGO, 4

May 13, 1953.

Hardly had the winter wheat estimate been made public when Secretary Benson asked both farmers and elevator interests to anticipate and to cooperate in the handling of wheat storage during the coming year. He pointed out that since 1949 farmers have used the loan program to expand on farm storage capacity, and that 142 million bu of additional space had been erected. While farm storage is very desirablehe felt that those who intend to use local elevator space should take steps now and make their plans accordingly. The commercial storage industry will have the major responsibility of providing a roof for the 1953 wheat crop. Even with advanced planning there may be some wheat on the ground at harvest, and particularly in the Southwest, although Mr. Benson pointed out that this is more or less a normal situation and brings up no cause for alarm. Of interest also was his statement that of the 575 million bu that willprobably be in carryover reserves on July 1st, CCC probably will hold an inventory of nearly 500 million bu, the largest quantity CCC has ever owned. The greater part of this will represent defaults from the 1952 crop. Those who have the facilities and the know-how of making a business of storing grain will have much to do with shaping further policies. There will be fifty idle Maritime Commission ships anchored in the Hudson River converted for the use of grain storage, which should ease the situation somewhat in the Northeast, while in the Southwest idle warehouses and hangers belonging to the military service will be surveyed for possible use. As has been the case for some time, exports moving on schedule will keep space available at and near the ports.

The Department of Agriculture gave some figures showing that 306 million bu corn had been impounded under the price support program through mid-April. This compares with only 25 million bu a year ago, and 551 million bu for the entire crop-year in 1948. Farmers have until end of May to still avail themselves of the loan, while the re-sealing program on farm-stored corn may be extended for another year and purchase agreements may be converted into farm loans for the extended period. The fact that only about 30 million bu more corn had beenplaced under loan during the month was construed as slightly disappointing, as expectations had been for heavier impoundings. Nevertheless, the corn market opened firm, despite fairly heavy offerings from the country.

The Southwest temperatures seem to indicate that the drop was not as low as had been expected. It was not generally felt that any harm had been sustained. It was snowing hard at Amarillo, Texas, quite an unusual situation at this late date. There were a few reporting stations in western Kansas that had readings in the low 30's, but there was no particular alarm expressed, and by tomorrow weather should be considerably warmer. There was some scattered moisture also Southwest and some in the Northwest, but nothing in Canada, although temperatures are higher than yesterday.

Winnipeg reported that about a million oats and over 300,000 bu rye were destined for this country; all of the oats seem headed for Buffalo, but most of the rye is being shipped to South Chicago.

Primary receipts of wheat today totaled 265,000 bu against 350,000 bu last week, and 983,000 bu on comparable day of last year. Stocks of wheat at Minneapolis and Kansas City show a net decrease so far this week of 187,000 bu.

The Kansas weekly weather and crop report states that development of wheat varied from very poor to good during the week, with urgent need for moisture in many western areas. Some improvement in the northwestern counties has occurred through recent moisture. The Nebraska weekly report states that wheat made good progress last week, although there are some reports of mosaic disease. In Iowa, conditions during the past week were favorable for field work and for growth, with precipitation rather spotty.

According to The Southwestern Miller flour trade continues at a very slack pace with the trade resisting the market, and bookings only what is urgently needed. It was reported that Yugoslavia bought a cargo of #2 red winter wheat at 23¢ over Chicago July FOB Atlantic, which is about on a shipping difference over Chicago. Liquidation persisted in wheat, and all months of that cereal with the exception of May touched new low ground for the season.

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CHICAGO, 4 May 14, 1953

One of our well posted friends, conversant with international affairs, poses the question whether the German recovery has been a miracle or if it was brought about through hard work and good management. He points out that Germany emerged from the war with 20% of all physical structures above ground destroyed; no other Western country suffered more than 9% destruction, and actually Britain had a smaller loss than that. Partial damage to buildings and equipment was also much greater in Germany. For the first three post-war years, Germany was kept practically under siege, her plants reduced by extensive "demontage," with occupation troops living off the fat of the land , and export trade hindered through allied controls and reparations, while many patents were confiscated. Three military governments operating in their respective zones at cross purposes certainly did not help the situation. Western Germany may be compared to the U. K. in that both have approximately the same population and area, with coal the chief natural resource in both. Their basic economic problems are also remarkably similar; both have to purchase food and raw materials abroad and pay for them by exporting the products of a highly advanced technology by shipping and other services. If is, of course, true that Germany has not started on armaments as yet, but the cost of occupation she carries is more than a fair substitute. While Britain lost a large part of her shipping tonnage for a time, it is pretty fully restored and is earning nearly $400 million worth of foreign exchange per year, while the German fleet was wiped out and is still almost non-existent. Post-war American aid to Germany did not amount to more than one-half what Britain received, putting aside the invisible American private spending and charities that favored the latter, as did a Canadian loan of $1 1/4 billion and gratuities from all over the Empire. Whatever may be the causes Germany's progress has amazed both friends and foes alike.

When our market opened this morning there was some short-covering following yesterday's sharp break, and while there was nothing in the news to cause a great deal of encouragement on the constructive side of the market, a good many people are fully aware of the fact that wheat prices are far below loan levels, but this has been the case now for some time. There was an intimation from Canada that voluntary action might be taken to hold shipments of oats to the U. S. down to some extent, but whether this can be done on a voluntary basis remains to be seen.

We had some scattered showers in the Southwest and most of Texas was sprinkled, but there was not much rain in the Panhandle district. The moisture, however, has certainly helped the San Angelo territory, not so much for wheat but for milo, and moisture has extended through north central Texas where there is some increase in sorghum acreage. However, the Panhandle is the major producer of milo and that area is still too dry to plant. However, there has been an increase in irrigation wells, so that a part of the milo territory might still have a fair crop even without too much rain from this time onward. The first car of new wheat was received at Fort Worth today from Hamlin, Texas, and would indicate that moisture is not much of a factor for wheat any more this season. However, it would tend to improve some of the subsoil deficiency.which exists.

U. S. wheat and flour exports last week were smaller at 3.5 million bu,and Broomhall's estimate of total shipments since July 1st brings the revised total to 295 1/4 million bu vs. 405 1/2 million bu a year ago. However, Canada last week did far better than we and exported 10 million bu wheat.

Minneapolis May wheat gained considerable strength today, further advancing its premium over Chicago. The loan has been effective in bringing spring wheat prices closer to support levels than in other markets. Kansas City May also showed some strength. This influenced Chicago, but because of the red wheat situation this market lagged on the others. We were also helped by some buying by export interests, probably preparatory to offering wheat abroad on several current inquiries.

The small amount of soybeans which have currently been on delivery against May futures are said to have been ordered shipped out of this market, leading to the belief that commercial interests might be long the futures awaiting delivery of additional amounts. On the other hand different commercial interests appear to have more soybeans than they currently require, and may be able to make some of their stock available to those who need the beans. Although it is generally believed there are sufficient beans to give us a moderate carryover at the end of the season, the distribution causes some inequities. Illinois processing capacity is large and stocks in that area have been relatively smaller than elsewhere.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 May 15, 1953

President Eisenhower will address the nation on budgetary matters next Tuesday evening, and it is thought in some quarters that he may ask for continuation of the excess profits tax for another six months owing to the fact that he may not consider it fair to reduce corporate taxes unless at the same time individual taxes are cut. There has been some criticism that the new administration has not been able to bring the budget into balance, but the American people find themselves with an inheritance of a national debt amounting to $267 billion, and a proposed budget for next year's expenditures in excess of $78 billion, which would probably be $10 billion more than we shall probably collect in the way of revenues. We recall Sir Winston Churchill's remarks on British economy when the Conservatives were returned to office. He likened it to an express train speeding out of controll on the wrong track. Apparently it is going to take more time to get our house in order, particularly when we have to spend such vast sums of money for military preparedness against outside attacks, while at the same time continuing to maintain our economic strength at home.

When our market opened this morning it was quite apparent that there had been considerable short-covering during yesterday's session. It is also a fact that if Secretary Benson is correct, that we shall have only about 75 million bu free wheat in the carryover reserve on July 1st, there may be some temporary scarcities and some of these have already been located in the Northwest, with cash wheat continuing strong and still at a premium over a futures market, which is still at a tremendous premium over Chicago. To a limited extent this is also true in the Southwest even though a little red wheat has been sent down there, but apparently not enough to take care of the demand.

Not too much attention was paid to some export business that had been put through overnight, although undoubtedly hedges were taken out of the pit against 3 cargoes No. 2 hard winter wheat sold to Italy for June shipment. There has also been a more aggressive demand in the Southwest for new-crop wheat by people appearing to represent exporters, and this has been somewhat of a sustaining influence.

The weather map is generally unsettled, and chances are that within the next thirty-six hours we are going to get a fair amount of moisture throughout the country. Probably light scattered showers will occur in our Northwest, with moderate temperatures, while over the winter wheat belt scattered showers are looked for by late tonight or on Saturday. There will probably be some showers also over the corn belt by tomorrow. The five-day forecast is reasonably optimistic, as precipitation is expected to average from 1/4 to 3/4 inch, with somewhat below normal temperatures. For Illinois, they predict 1 to 2 inches rain, and the same for Indiana, with possibly a few light showers in our Northwest.

We do not hear much about the development of Canadian crops although there was some moisture overnight in eastern Saskatchewan and Manitoba, and on the whole they have had a fair amount of relief during the past ten days.

Primary receipts of wheat were over 1 million bu compared with 738,000 bu last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 247,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last season of 4 1/4 million bu.

It seems that with the longer weekend a good many people are more inclined to even up their positions, particularly since there might be developments in Korea or in other vitalnews centers. In any case, there was very little interest in wheat, and it was claimed by The Southwestern Miller that flour sales are averaging only about 1/3 of mill capacity with replacements of small volume. Corn prices held rather well, and hogs were at the highest level in the past three years. Apparently feeding operations are profitable, but meal prices have been declining for some time now and were a little lower again this morning. Some forecasts are being made that oil supplies may become a great burden next year if the government has no cottonseed program, and with PMA's billion pounds of cottonseed oil overhanging the market there is a good deal of pessimism. In spite of all this beans held relatively well, although prices were somewhat lower, and chances are that Japan's requirements in the year ahead will be smaller than they were this season by possibly 5 million bu; they may also get some of their beans from Manchuria. Oats were inactive and there was no trend whatsoever.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 18, 1953

During the last agricultural depression when parity income was sought for farmers, we know definitely that it was never intended to balance farmers' costs against each bushel of wheat, corn, or oats which apparently has been the method of computation resorted to in the present formula. With our highly mechanized farms on the best producing land, one farmer is able to produce enough food products now for twenty-two people. During the past four years the number of people on farms has gone down each month from the number for the same month of the preceding year. According to the latest census total farm population in April, 1952, was estimated at 24.8 million, which was 16% of the total population of this country. Except for temporary interruptions, farm population has been headed down since 1916, when it stood at 32.5 million. At that time it accounted for 32% of the total. Thus it can be seen that there has been a big movement away from farms and into cities. Forty-two years ago when the population in this country was only 92 million persons, there were 32 million of them on farms, while today with about 158 million persons, there are less than 25 million of them on farms. The total quantity of foodstuffs available to consumers is at an all-time high, and through better education, better seed, and more fertilizer, we have been able to bring about such results as these.

As we have pointed out in earlier market letters the American farmer today has five times as much invested in machinery and motor vehicles as he did in 1930, while there are 4 1/5 million tractors in operation, which is a big increase over any previous period. As one of the trade journals has pointed out, when the yield of corn increases from 60 to 80 bu, the cost per acre increased only about $1.24, but the cost of producing a bushel decreased 21¢, while the net return per acre increased $33. In the case of soybeans an increase from 30 to 40 bu made an increase in the cost per acre of $4.68, a decrease of 27¢ in the cost per bu, but an increase of $20.53 in net returns per acre. So this is evidence again that if the farmer is to have parity in his purchasing power, it should be based on an acre of land rather than on a bushel of wheat, corn, or beans in relation to the commodities that the producer buys.

When our market opened this morning, it was naturally influenced by the wonderful rains that had occurred during the past two or three days. These long week-ends give us a period of additional possibilities in weather change. Some moisture had been forecast, but the recent predictions have not all been borne out. We find that rains were quite general and heavy over the southwestern areas and in the corn belt. Temperatures were somewhat below normal for all areas but more attention was apparently paid to the precipitation including the Texas Panhandle area, where it averaged 1/2 inch from Amarillo to Spearman to Perryton, while on the North Plains 1 to 1 1/2 inches fell, and while it is too late probably to help wheat, it should at least be beneficial for milo. This moisture will undoubtedly promote a larger acreage than had previously been planned. Oklahoma, Kansas, Nebraska, and Missouri also were greatly relieved.

When the visible supply of wheat was posted there was a decrease of 3.7 million bu, leaving 190 million bu in all positions against 79.8 million bu last year. The corn visible decreased 1.8 million bu. This, however, is 18.3 million bu less than we had on hand a year ago. The oat visible decreased 730,000 bu, leaving 8 1/2 million bu in various markets against 9.7 million bu last season. Here in Chicago there was a decrease in the local wheat stock of 487,000 bu, still leaving 7 1/4 million bu here. Chicago corn stocks decreased 480,000 bu to 5.4 million bu. Oats were reduced to 2.6 million bu and a small decrease in beans leaves 849,000 bu here.

Trade was not particularly active. Corn was rather firm in relation to other cereals in spite of 93 cars of Commodity corn in Chicago. The feeding ratios are satisfactory and if it would not be for the government selling we might easily have a higher market. Wheat futures sold at new lows on the crop for the deferred months but May wheat stays relatively firm.

There were a few cargoes red wheat sold for export but milling demand is rather slow and buyers are acting very cautiously, probably influenced by weakness in the market and more satisfactory weather. Open interest in May futures of wheat, oats, and beans is still fairly large, with only two trading sessions after today. It is considered likely that 35,000 bu beans will be tendered on May contracts. There was no particular feature to the bean market but the nearby months were fractionally lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 19, 1953

In a fast moving world we are apt to forget quickly, and sometimes entirely, that large wheat crops were not always the order of the day. Since 1943 we have raised billion-bushel crops in this country, with the exception of 1951, when production fell slightly under the mark. As a result, it has been necessary to ship large quantities abroad in order to prevent accumulations at home. Since 1945, when war ended, we have cleared each year 300 million bu or more, and chances are that the present season, which draws to a close on July 1st, will be no exception. On two occasions during that period, we shipped in the neighborhood of 500 million bu,which is an enormous quantity, and as much as is being consumed at home for food in the form of bread, cereals, etc. The point we are trying to make is that in the ten-year period prior to World War II average wheat crops in the U. S. were only 740 million bu. Our domestic consumption, despite the increased population, has not increased greatly, and it is still safe to say that 700 million bu wheat will take care of home usage for food, feed, seed, etc., and even a small quantity for alcohol. Thus if we did not raise these big crops, the only change in our habitat would be that the export sales would have to cease, but we would not be required to import from other countries, nor would we have to economize in our eating habits.

According to the last government report, the winter wheat crop alone will probably reach a figure of 730 million bu, or nearly as much as was raised in the whole country before the war. Therefore, whatever spring wheat production we have should be surplus, not to mention the large carryover supply which may be one of the largest in history, exceeded only in 1942 and in 1943, when the reserve mounted to somewhat over 600 million bu. As we have pointed out before, the situation is quite different with respect to feed grains, and in the ten years prior to the war,our corn crop averaged only 2,339 million bu, while at the present time we are consuming over 3 billion bu, which is the equivalent of 20 bu for every man, woman, and child in this country, in order that we may have all the meat, poultry, eggs, butter, ice cream, milk, etc., that are needed, and it would certainly be a tragedy if we ever reverted to our former status. The same might be said of oats, because prior to the war for ten years we averaged a production of only 1,013 million bu, while this year's crop was 1,268 million bu. Even with this large increase it was necessary to supplement our supplies through imports from Canada. All this happened despite a big increase in the sorghum crop during recent years.

Before our market opened this morning, there was little to guide it, and weather was mostly clear with temperatures more moderate. There is not a great deal of moisture forecast for the next day or two, although the prediction for the coming five days is more optimistic and fair amounts of precipitation are likely in the Southwest, except in western Texas with rains probably averaging 1/2 to 1 1/2 inches, maybe lighter in the western sections of Oklahoma and Kansas, but becoming heavier eastward.

CCC for the first time showed a little more willingness to exchange or barter some of its high grade milling wheat stocks for ordinary wheat in store at the gulf. While obtaining a premium for such swaps, it would at least enable the mills to carry on routine operations at a time when a large percentage of the crop is probably lodged in government hands.

Primary receipts of wheat were 1,315,000 bu, or much the same as last week, compared with 1,180,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 136,000 bu.

Trade was very moderate and all wheat futures except the May sold at a season's low. The nearby delivery strengthened in relation to the new-crop deliveries and one of the Northwest Mills was apparently trying to buy some of its supplies through the futures market. July wheat is selling about 40¢ under the probable loan.

Seeding in the Northwest made fair headway last week and resumption of work was possible after a bad start. It will not take long to finish wheat planting, although coarse grains are only about 60% in the ground, but with a few days of present weather everything will be rushed to completion.

May beans continued strong but there was not much interest in the other months. Corn turned somewhat weaker and while there was no great pressure, there seemed to be almost a complete lack of interest.

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CHICAGO, 4 May 20, 1953

The BAE points out that stocks of soybeans in all positions totaled nearly 146 million bu on April 1st, which was the largest on record. Crushings during the first half of the marketing year, beginning October, were 7% below a year earlier, but exports were almost twice as large. About 14 million bu beans have been placed under the support program, having come into the loan during the present marketing year, but very likely a large part may be redeemed by farmers, as prices are well above the support level. It seems to take a rather high price to attract beans to Chicago since we are quite a distance from the growing areas, and when a sufficiently good demand arises to take our beans away, we find it difficult to build supplies up again. This has been the case now for several months and is very likely one of the reasons for the large premium of the May future, which has prevailed for some time. The next question relates to the July future, as trading terminated today in the May delivery. With the July future at a big premium over the new crop, farmers may be more inclined to sell beans rather than to carry them for a longer period if they are faced with lower prices. However, the market lends itself easily to a tight situation unless there is some expansion in the supplies here in Chicago, and for that reason a good many people are playing the short side cautiously, even on the theory that we may have a sizeable carryover of beans for the first time in history.

Before our market opened this morning there was not much to guide it. There had been some showers in the Northwest and more are indicated, but for the rest of the country it will probably be clear with moderate temperatures. We had a report from Wichita that was of a more optimistic nature. The local paper there carried an item calling attention to the rains of the past week, which had worked wonders in that section of the state. A farmer in Harper County reported that good soaking rains had been received, and that the crops generally look good, with considerable improvement in the past three weeks. This, however, was not responsible for the new lows that were established for all wheat futures, but rather reports that CCC had sold some red wheat and apparently this enables exporters who had been holding supplies in Chicago to release them for May delivery, so that we might have some fairly large tenders during the balance of the month. May wheat had been accumulate by one of the mills, and in fact, they added to their line again this morning, but when their operations were finished May wheat weakened in relation to the new-crop futures, and there was a complete reversal of what we have seen here during the past week.

Some export business was reported with Italy the buyer of 2 cargoes hard winter wheat for July shipment, via the gulf, and Ireland took 7,300 tons corn for last half June shipment, with possibly a few parcels also worked to Rotterdam and London. This business, however, caused hardly a flurry in a market that was of a liquidating character.

Broomhall reports that conditions are mainly favorable over the European Continent. Recent rains have been beneficial and very few complaints are heard. Rains have improved crops in Western Germany, although more moisture is wanted as subsoil reserves are deficient in some sections. In France, there have been sunny days but frosts at night, which have adversely affected the barley crop. Wheat prospects are good and yields are about equal to last year when a big crop was realized. Thus there may be a sizeable amount for export.

Primary receipts of wheat were smaller at 600,000 bu, but yet this compared with only 265,000 bu last week and 895,000 bu last year. Kansas City and Minneapolis stocks so far this week showed a net decrease of 155,000 bu.

Markets were rather weak. During the forepart of the session, trade was light, and despite the large open interest in the May futures that had to be closed up, we found that a good many traders on both the long and short side of the market waited until the last half-hour to even-up commitments. The deferred futures of wheat held a little better than the nearby. As we mentioned earlier May wheat traded mostly at a discount, and there is quite a possibility now that storage rates in Chicag will be advanced 20% and that carrying charges will tend to be wide. While there were many erratic swings in beans, the termination of the May contract was not too exciting, but apparently there are some who may want delivery on their contract.

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CHICAGO, 4 May 21, 1953.

Considering the very large open interest that we had in the May futures yesterday morning, our markets gave a very good account of themselves. There was a minimum of exictement even though many traders, convinced of their position on both the long and the short side of the market, waited until the very last to even up, There are no conclusive reactions that we get from the behavior of May wheat in the last hour of trade, but the fact that the old crop future expired at a price of about $2.13 per bu, or 40¢ below the loan level, would indicate that the government loan in our part of the country has not had much market effect. Here again it should prove no surprise as the figures on impoundings have indicated for months that those who grew red wheat have never been in the habit of taking the loans on a large scale, as has been the case in other parts of the country. For example, at Kansas City, where large wheat farmers avail themselves of the government's benevolence, prices were considerably higher, and the same is true in Minneapolis even to a greater extent.

This naturally brings up the question as to whether we are going to have the same pattern for the coming year. Many people are of the opinion that there is no good in being long wheat in Chicago, as on the basis of the present carring-charges they finally have to go over successively to wheat for the next May delivery at a price that would amount to about $2.30 per bu, a high price in view of what has just happened. We also recognize that, historically, farmers who raise red wheat are generally so much more interested in corn, beans, and oats that the storage or sale of wheat is more or less of a sideline with them. On the other hand, present prices for the July wheat future are about 40¢ below the loan level, and taking into account the discounts at which red wheat generally sells at the beginning of the season, we wonder whether farmers who even have small quantities of red wheat may not be tempted to buy storage tanks in their local community where they can be had for about 30¢ per bu rather than to sacrifice their crop at the present going rate. While this is only conjecture on our part, we have heard of a few instances where farmers are beginning to talk along these lines. Thus, there may develop quite a different situation from last year and from other crop years, at which time prices were below the level of the loan at the beginning of the season, but not at such big discounts as now exist.

There had been some very nice rain overnight in our Northwest. There was also some in the corn belt but confined mostly to the northern border, but weather is not having too much influence at the moment, as moisture conditions may now be considered as quite good, and even excellent, in virtually all parts of the country except those drought areas of the Southwest where we went for months without rain or snow. Even a few sections of Kansas are reporting improvement due to recent rains, and, therefore, it is likely that the next government report may show some improvement over the May figure. While seeding in Canada may be a little later than usual, they seem to be getting fair amounts of moisture. Some occurred last night in Alberta and southwest Saskatchewan. They now claim that good weather is needed to make up for the delay in planting.

Not much attention was paid to export business, although a cargo of No. 2 hard wheat was sold to Italy late yesterday for last half July shipment.

Primary receipts of wheat today were a little larger, and amounted to 1,137,000 bu compared with 965,000 bu last week, and about the same quantity as last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 196,000 bu.

Wheat prices were a little higher, but full advances failed to hold. There are still very optimistic reports coming from the spring wheat areas, and one of our friends thinks that from the present outlook they might produce a crop of 350 million bu. Beans were inclined to be a little lower for July, and distant months were firm. If we are going to have a sizeable carryover, the old crop delivery looks relatively high. There was not much trend to the corn market. According to the government, the combined stocks of corn, oats, and barley in all positions on April 1st totaled 61 million tons, nearly 7 million larger than a year earlier. Domestic disappearance of corn, oats, and barley during October-March was 8% smaller than for the same period of 1951-52. This reflected the fewer grain-consuming livestock on farms, particularly hogs, and reduced feeding per animal unit. The much better quality of the 1952 corn apparently was a major factor in the reduced feeding of corn.

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CHICAGO, 4 May 22, 1953.

Another development has arisen overnight, and one that caught the trade quite unprepared. It was announced that the CCC had sold 9 cars of protein wheat to a local mill at Kansas City at prevailing prices, which are considerably under the loan, and the intimations were that more of this type of selling may continue. While it seems that the government was quite helpless in taking such a step, it is nevertheless a departure from usual policies that they are supposed to pursue in not offering wheat except at default prices, plus 5% and accumulated charges. We presume that additional wheat which has come into their possession, and which is being moved to terminals where no storage is available may likewise come on the open market if storage is not offered to them. This is quite an upset to the trade which had been figuring that the only wheat which would be offered for sale at below loan levels would be for export; thus previous calculations may no longer rule. There was naturally liquidation this morning when it became apparent that this government competition would have to be reckoned with. We appreciate that the CCC must deal with rapidly increasing amounts of defaulted grain from farmers' bins which are now coming into their hands, but by the same token we had not allowed for such wheat to be placed back into free marketing channels, and therefore have to presume now that the volume could increase as farmers' deliveries increase. It is certainly a development that requires the attention of the trade.

Other news was of a routine character. We find that the map is quite unsettled, but it looks very much as though general showers would occur in practically all parts of the country over the weekend. Our export clearances of wheat and flour for the week were down to about 2 1/2 million bu, while Canada shipped a good deal more. Their exports in the same period were 7.8 million bu. We find that since the first of July we cleared nearly 300 million bu, while a year ago for the same period our shipments amounted to 421 million bu. We are doing a good job in corn, and since October 1st we have exported 93 1/2 million bu compared to 56 1/2 million bu a year ago. We also note that shipments of beans are keeping up pretty well --945,000 bu were cleared during the past week, and so far this season we have shipped 24 1/2 million bu --nearly twice as much as the 13 1/4 million bu which was exported in the same period a year ago.

The five-day forecast was reasonably optimistic, temperatures will average 5 to 10 degrees below normal in the Southwest, and precipitation will be about 1/2 inch in Nebraska, eastern Kansas, and eastern Oklahoma, while 1/2 inch of rain is expected, or possibly less in western Oklahoma and western Kansas. Some precipitation is indicated for the eastern portions of the South Plains of western Texas. In the corn belt temperatures should average a little lower to a little above normal; precipitation will range from 1/2 to 2 inches in Illinois and Indiana, 1/4 to 1/2 inch in Iowa and Minnesota and about 1 inch in Ohio.

Primary receipts of wheat were quite heavy and amounted to 1.4 million bu compared with somewhat over a million bu last week, and only 590,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 193,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 3 1/2 million bu.

There was considerable liquidation in the various pits today. The fact that meal and oil prices were weak discouraged longs in beans, and the July future was subjected to heavy selling. Nobody can be sure of course whether the policy of the CCC is to liquidate wheat holdings generally, or just in isolated cases when storage for certain grades is scarce. The fact that 9 cars were sold to a miller yesterday would not in itself mean anything unless such a program were to be continued on a bigger scale. Under these conditions the trade is confused, but a good many longs sold out, being discouraged when the market broke into new low ground for the season, and new buying power seemed to be at rather low ebb, with favorable weather in sight over the weekend. Flour sales, while not heavy, have shown a little better trend, although not enough to cause any heavy removal of hedges. Germany bought a cargo of red wheat for first half June shipment and 2 cargoes of hard wheat for last half July, and seem to be bidding for an additional cargo. A few parcels of corn were sold to the U.K.

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CHICAGO, 4

May 25, 1953

On Friday, the wheat market broke rather sharply when it was announced that moderate quantities of low-test wheat, but high in protein, had been sold on the domestic market. This naturally aroused curiosity as to whether there would be additional selling of the same character but in bigger volume. The general comment is that storage is being found and that very likely every effort will be made not to dump wheat on the market unless there is no alternative. Of course, CCC offerings of wheat for export will continue and thus it is possible that we shall only have to secure about 500 million bu for our domestic needs, so that even with the large quantities impounded there may not be any immediate scarcity. CCC has recently inaugurated a barter plan to make its wheat available to mills for domestic use,but it is difficult to tell how advantageous these swaps have been, nor can we tell at the moment how important they were in relation to our monthly grindings. One thing is certain-- that the wider the disparity between the loan and the market, the more anxious farmers will be to take advantage of the support program. We have reached the point where new bins can be built by farmers at a per-bushel cost, which is no greater than the loan discount, but yet, we do have a precedent of red wheat farmers who have not often resorted to the loan, and in other years they have sold their wheat pretty freely, although in the past there has never been as wide a discount at the beginning of the season as we have now, and it remains a question whether there is going to be a change in the general attitude of farmers in our part of the country.

Before long, the Secretary of Agriculture will probably be required by law to proclaim acreage allotments and marketing quotas on the 1954 crop of wheat.Of course, any kind of national emergency could intervene and thus prevent it, but allowing for normal happenings, it looks very much as though the farmer would have to make a rather tough decision, choosing either a cut in acreage of about 30%,which would be down to nearly 55 million acres and to keep 90% supports, or whether he would reject the quotas, thus getting a cut in the support level to only 50% of parity, or possibly $1.20 a bu. The Secretary must declare by July 1st if there are to be marketing quotas on the next wheat crop. An announcement of any national acreage allotment would have to be made not later than July 15th. Wheat producers would vote to approve or disapprove the proposed marketing quotas and their ballots have to be cast by July 25th.

There had been pretty nice rains over our corn belt and in the Northwest. Canada also has experienced moisture. According to the Searle Grain Company's report, total moisture conditions for the three provinces now stand at 100% of normal compared with 112% at this time a year ago. At the moment there is more than sufficient moisture in the soil in all three provinces to germinate seed as soon as it can be sown. However, a period of warm, dry weather is needed so that seeding of all grains may be completed as quickly as possible. The Dominion report suggested that the intended acreage of wheat this year was 25.8 million, a slight reduction from last season. Canada's largest acreage was in 1940 when 28.7 million acres were sown. Based on a ten-year average condition a crop of 444 million bu is in prospect, but we have seen fluctuations in that country where yields have ranged from 13 1/2 to 26 bu per acre. With improved farming methods and mechanization, better seed, and increased use of fertilizer, and weed spraying, acreages should tend to be in the upper limits. It is estimated this year that the acreage of seeded crops to be sprayed for weed control will be considerably larger than the 15 million acres sprayed last year. Then, too, the spraying is carried on mostly in areas where the danger of weed growth is the greatest.

When the visible supply of wheat was posted, there was a decrease of 1.2 million bu. Total stocks of nearly 189 million bu compare with 76.3 million bu on hand season. Chicago stocks decreased 586,000 bu; leaving 6.6 million bu here. The U. S. corn visible decreased nearly 3 million bu and oats nearly a million bu.

As the session wore on there were rather sharp declines in beans, that market breaking 5¢ per bu, and corn and rye were also quite weak, with apparently no support coming in except after a big break. Wheat was moderately lower and there is little new wheat moving in Texas and southern Oklahoma, but in the meantime export business is dull, flour business is quiet, and the main thing is that confidence has not yet been restored.

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COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 May 26, 1953.

According to the Bureau of Agricultural Economics farmers have marketed a larger volume of products so far this year than they did at the same period of 1952. However, with prices lower cash receipts in the period from January to April were down 2% from the same period last year: "Lower prices for farm products and greater uncertainty about future income probably were the main factors in the 2% decline in farm real estate values from November 1952 to March 1953. Most parts of the country showed some reduction but the sharpest drops were in the western states. This was the first drop in the national index since July-November, 1949."

There was a little better sentiment this morning, and while there were no weather factors to influence the market, it was generally felt that recent declines had been heavy and that possibly reactions might be in order. It seems that the government has extended wheat loans on purchase agreements in eight of the principal wheat states. In other words, the price support program will be extended on about 62 million bu wheat in the event the farmers are willing to continue to store it on their farms. The Department also stated that favorable climatic conditions for extending the period of farm storage had influenced them in this program. In addition to the 62 million bu that had been covered by purchase agreements, there was approximately 87 million bu wheat from the 1952 crop that had been placed under farm storage. So altogether it might aid considerably in keeping a part of the wheat back, particularly in those cases where the producer does not need his farm storage too badly.

It looks as though the Congress would probably sanction a deal with Pakistan whereby about 37 million bu wheat would be sent to that country during the coming season. While this news was known yesterday, it had very little effect on the market because the grain probably will be furnished from government stocks. Nevertheless, it shows a desire on part of the Administration to maintain exports on a heavy basis as long as we are raising billion-bushel crops, and certainly it will be necessary to dispose of about 300 million bu wheat unless we want to add further to our carryover reserve. The overnight business went mostly to Italy, 4 cargoes of Manitobas having been purchased via the Pacific Coast. There is quite a holding tendency on the first wheat moving in the Southwest. We learned from The Southwestern Miller that 28 cars had been received in Fort Worth yesterday, but that not a single car was offered for sale, rather they were ordered into storage for loan. In the country we find that about 20% of the wheat coming into stations is being offered on the market, the balance of it apparently being held so that pressure is not apt to be very heavy unless later on storage congestion forces more wheat on the market. There were 282 cars of old wheat at Enid today; most of it was for account of CCC and was not offered for sale. We believe it is the same type of shifting of stocks that we have had for several days and probably represents wheat from the country which the government acquired through defaults and is being moved into terminal space.

Primary receipts of wheat were just less than 1 1/2 million bu, which was about the same as last year and slightly more than last week. Kansas City and Minneapolis stocks so far this week show a net increase of 22,000 bu.

Trade was rather dull after yesterday's activity. There was a good deal of firmness early but later on evening-up transactions took place and bulges failed to hold fully. There were some reports from Downstate that bugs and insects might be more of a factor this year, possibly due to the warm winter and a good many bugs were not killed by the usual freezing temperatures. Some reseeding of corn is necessary. We may have to deal with more chinch bugs and black beetles than in the past few seasons.

From Oklahoma news was more encouraging. Wheat yields in the southern part of the state are turning out better than expected, and several fields are threshing out 25 bu to the acre. We also received optimistic news from the Northwest. One of our friends believes that on 21 1/2 to 22 million acres there is a prospect of raising 20 bu wheat on an average, which is extremely good. Even with some deterioration, and assuming that the final yield would only be 17 bu, we still could have a crop of about 365 million bu.

Corn and beans were much the same as wheat in that they lost some of the early gains. Oats were strong in sympathy with Winnipeg.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 27, 1953

Not far from the Nation's Capital stands one of our largest agricultural research stations, at Beltsville, Maryland, where every phase of farming, as well as labor saving methods for the farm home and human nutrition, is being studied. In recent years, we have heard mostly what the Department of Agriculture was doing economically, but few people realize that at Beltsville there are over 1,000 buildings, employing 2,000 people, and that experiments are being conducted on 11,000 acres of land. Most of the scientific information accumulated here is naturally applied elsewhere. During the past ten years widespread use of chemicals for weed control has been developed. Antibiotics and vitamins as substitutes in poultry and pig feeds were first discovered by scientists in that spot. Food composition tables covering all the common foods worked out by the Agricultural Bureau of Human Nutrition are the accepted standard for all civilian and military use. Another product, known as the aerosol bomb, for controlling insects, was also developed at Beltsville. This is where President Eisenhower spent several hours yesterday, but there are several other regional laboratories throughout the country: for example, Peoria, where penicillin was transformed from a test tube full of promise into huge vats of commercial reality, and Orlando, Florida, which contributed DDT, a renowned insecticide. Within recent months much the same has happened to dextran, the new blood plasma substitute, which is made from cane sugar. Thus it is that research is still the salvation of our nation in many respects.

Before our market opened this morning there had been a good deal of rain reported from central and eastern portions of Kansas, also eastern parts of Nebraska. It is very seldom that we have cloudbursts such as those which occurred north of Salina, where 7 inches of rain fell, also heavy rains at Whitewater, Eldorado,and nearly 3 inches rain at Salina, 2 1/2 inches at Beloit, and 3/4 inch at Topeka. Hastings, Nebraska had 1 1/2 inches and the map suggests that a generally unsettled condition still exists, with scattered thundershowers likely. There is a little wheat moving now in southern Oklahoma and barring rains this will probably increase over the week-end. They also had rains in southern and central Alberta last night, and some light rain in southern Saskatchewan this morning. It remains hot and dry in Texas where wheat is maturing.

The Southwestern Miller indicated that the CCC offer to farmers to allow re-sealing of wheat for another year at a storage rate of 14 to 15¢ a bu is not expected to encourage holding, as farmers are primarily concerned with the keeping qualities of their grain.

France is scheduled to buy some American corn very shortly, and several parcels via the Atlantic have already been handled. France will probably buy 30,000 tons Manchurian soybeans through private trade channels in addition to a million dollars' worth of Rumanian corn in exchange for French steel. Both the U. K. and Holland bought some Manitoba wheat.

Broomhall's Foreign Crop Summary was reasonably optimistic, weather conditions continuing favorable over most of the European Continent and hardly any complaints. A few rains the past week in some of the countries helped to maintain prospects and growth. However, there were torrential rains over part of the U. K. and some flooding; weather in France has been hot, with rainfall abundant, and a good outlook for wheat is being maintained. Hot weather in Italy does not seem to be a handicap, as crops are growing rapidly, but the outturn will be somewhat below a year ago. Partial rains in Western Germany have been beneficial, although additional moisture would be welcome.

Primary receipts of wheat were somewhat smaller and amounted to 760,000 bu compared with 600,000 last week, and 691,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 225,000 bu.

After a little early strength markets declined, and new lows were made for all wheat futures and all futures of beans except July. Rye went into new low ground, and corn for a time was influenced by declines elsewhere, but reacted and held relatively firm. The same was true of oats. In addition to the early export business in corn it seems that Holland purchased two cargoes, but demand otherwise, and for other grains was dull. Domestic flour sales were small overnight, and the market behavior is causing prospective purchasers to hold off. There were 2,500 tons of soybeans sold for shipment via Baltimore at 13¢ over July FOB basis, but this was not regarded as sufficient to be much of a factor.

Peace rumors probably had a good deal to do with today's break, but we could not confirm anything that was at all definite. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 28, 1953.

Secretary of Agriculture Benson gave a talk yesterday afternoon in Deadwood, South Dakota, which was one of the frankest speeches he has made thus far, although we have seen no reference to his remarks in any of the newspapers. He said that the problem of farm prosperity and price stability has not yet been answered. The programs of the past 20 years have struggled with the problem but they have not solved it. World War II and the Korean emergency have created a false impression of the effectiveness of existing farm programs. He also said that it was perfectly obvious that price supports which raise the cost of farm commodities above the level of demand do not lead to consumption of abundance but to controls--they do not lead to eating up but to storing up --they do not lead to use but to loss. He called attention to the fact that when the present administration came into office they had inherited, along with other stocks, a surplus of 143 million lbs butter, 75 million lbs cheese, and 211 million lbs of non-fat dried milk. To demonstrate how the support programs were working, he called attention to the fact that CCC now owns outright more than a billion dollars' worth of agricultural commodities, and it is obligated through loans and purchase agreements for an additional 2 billions. For example, "the CCC has about a quarter billion dollars of its funds obligated for stocks of cottonseed oil, meal, and linters. We have in storage about half of the entire 1952 crop of cottonseed oil. There is no market for this oil and storage costs are adding up every day. Meantime imports of meal and linters are coming in, attracted by our support price. Some folks suggest that we lower the price four or five cents a pound and move this huge surplus of cottonseed oil. At first, this sounds like an excellent suggestion. But if we lower the price of cottonseed oil five cents a pound we lose approximately $40 million on our inventory alone. Moreover, when the price is lowered on cottonseed oil it enables the margarine manufacturers to reduce the price of margarine. The butter sales suffer."

When our market opened this morning, first prices were a little higher, and the fact that the truce rumor of yesterday had not been confirmed probably caused a little short-covering. There was no export business to lend support to the market; in fact, whatever demand there was from abroad seemed to center in Canadian business, with Italy taking a million bu Manitobas and neglecting us.

U.S. wheat and flour exports for the past week were only 2 1/2 million bu, bringing the total for the season to 303 3/4 million bu compared with 427 3/4 million bu a year ago. Shipments of corn last week were 2.3 million bu, and since 1st of October we have cleared 96 million bu compared with only 58 million last season. Bean exports for the week were small but since October 1st we have shipped 25 1/2 million bu compared with 13 1/4 million bu a year ago.

There was nothing much in the weather except a very heavy rain around Norton, Kansas; elsewhere in the Southwest it was mostly fair and warm, and this situation should continue. However, some showers are likely for the spring wheat areas.

The Census Bureau issued a report on bean crushings. For the month of April there was a decline as compared with last month, and also last year. The total for the season indicates 145.7 million bu processed, which is 10 million less than the year before. The stock of beans held by mills is cut from last month but is 12 million bu larger than last year.

Primary receipts of wheat amounted to 1,411,000 bu compared with 1,137,000 bu last week, and 1,561,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 446,000 bu.

Markets were pretty discouraging. There was a little firmness in wheat early, but rallies failed to hold, and new lows were registered for all months. Flour demand was extremely poor, and buyers are apparently very cautious despite the sharp breaks we have had. Rye futures also went into new low ground. An elevator concern sold futures early, and the market had very little rallying power. However, in recent weeks Winnipeg futures have gained on Chicago. There was not much feature to corn, although a little profit-taking after yesterday's firmness, and nothing heard of additional export business. The first car of new wheat was received at Enid, Oklahoma, and graded well. There is a little more wheat moving from the country in the southern part of thestate, and barring bad weather there will be a fair run the first of next week.

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CHICAGO, 4 May 29, 1953.

When we discuss isolationism in this country, we seldom, if ever, apply it to our economic thinking, but it can hardly be denied that our economic policies contradict our military strategy and our political goals. We repeatedly insist that we want our Allies to be strong industrially and financially, and yet we do not make it possible for them to trade with us on a basis that they are able to meet tariff barriers. In other words, it prevents their becoming strong. Strangely enough, our trade policy operates to keep our Allies poor and dependent on American dole. Since 1946, we have shipped $34 billiom more in the form of merchandise than we have imported from other countries, and since 1946 the Congress of the U. S. has given about $30 billion in foreign aid; so it is quite obvious that we have to give to our Allies the money with which to buy our goods. In other words, we have paid for our own exports. Many insist that we should permit our Allies to earn the dollars they need so that there can be a more favorable trade balance. If that had been the case our taxes for the past seven years could have been cut $30 billion, and we would have been all the richer because we would own the imported goods. Those who do not favor these views claim that we cannot afford to flood our market with foreign goods, but certainly $4 1/2 billion a year is not large in comparison with our total economy, although it is huge in its impact on the economy of our Allies. Last year we exported $15 billion worth of goods and we imported $10.7 billion, but our imports last year amounted to a little more than 3% of our gross national product.

There was not a great deal of news before our market opened. The overnight weather had been quite satisfactory; there were some very nice showers in our Northwest and also in Manitoba last night, with nearly 1 inch in the Winnipeg area. The forecast is unsettled for all three provinces and we would say that there will probably be a combination of thundershowers and sunshine in a good many U.S. wheat areas, although fair and warm over the corn belt tomorrow and Sunday, which should be beneficial in the areas where harvesting has not started. Reports from southern Oklahoma suggest that the crop is turning out better than had been anticipated a few weeks ago.

At a PMA meeting in Cedar Rapids, Iowa, yesterday, CCC was authorized to sell some corn in metal bins, which graded No. 3 or lower to local farmers. This may have been construed as inaugurating a program of liquidation and corn prices broke quite sharply. One local trader was a heavy seller against purchases made a fewdays ago. It was still very quiet in flour circles and thehard winter volume is only about half of capacity, or even somewhat less, according to The Southwestern Miller. After a slightly higher opening, wheat futures lacked support and there was considerable liquidation that carried prices into new low ground for theseason.

The five-day weather forecast is fairly favorable, and this also added to the pessimism but we empahsize again that there has been a tight holding on part of farmers thus far, and only small quantities of wheat are being sold, the bulk either being held or will go into the loan. We think that to the ability of storage there will be no change in farmer attitude.

Hogs were very strong this morning and made new highs for the year. The Chicago corn-hog ratio was 14.5 compared with 14.8 last week and only 11.2 last year.

Primary receipts of wheat amounted to 1 1/2 million bu-- a little more than last week, while there was a holiday last year. Kansas City and Minneapolis stocks so far this week show a net increase of 646,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 581,000bu.

Markets were reasonably active. There was a fair amount of evening up before the weekend. Late in the session there was some export business reported, including a cargo of #2 northern spring to Israel, although probably of Canadian origin, and 300,000 bu of red wheat for first half August shipment. While corn prices had a pretty good reaction from the low point there was confirmation late in the session that CCC planned to sell corn to local feeders in all states and not merely in Iowa, hoping that any corn that was either deteriorating or expected to deteriorate would thus be liquidated. Sales would be at the market price for #3 grades or lower. This may, of course, enable farmers to place some of their own corn of higher grade under the loan by substituting the poorer corn that they could use for feeding. The bean market was quite strong, there was considerable short covering and the July future, because of small stocks in Chicago, gained on the later months.

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CHICAGO, 4 June 1, 1953.

After the close of the market on Friday parity prices were published for the month of May. While wheat was down a cent per bushel there were no important changes from the previous month, and even though the present wheat parity of $2.43 compares with $2.45 last season we are still going to have a high loan, as a minimum price was announced a good many months ago. Thus the government support will be about the same as last season. During the month retail prices of auto supplies and household-operating items showed a slight rise, but these advances were offset by lower prices for building materials. At $2.70 the May index for family-living items was one point lower than a year ago.

There had been some nice rain in our Northwest on Saturday, but over the corn belt and in the Southwest it was mostly clear, and as a matter of fact rather high temperatures prevailed in a number of places. The outlook is for some scattered showers, possibly widespread over the winter wheat belt, these rains starting tonight and possibly continuing tomorrow.

When our market opened there seemed to be further liquidation, and the demand was light. A good many people feel that we are in a down-cycle and it remains to be seen to what extent government supports will curb the present decline in grains. Thus far most of the wheat that has moved in Texas and Oklahoma is being held, and only about 10% apparently is coming on the free market. One of our men, who completed a 1,600-mile trip through Kansas, Nebraska and Oklahoma is fairly optimistic that the government report will be exceeded, although the Santa Fe Railway report is not too hopeful about the gains. In their opinion, Kansas may not reach the government May estimate of 116 million bu. That road in making its analysis feels there is a possibility that Oklahoma could produce a crop of 60 million bu, but that production may not exceed 50 million bu if dry weather continues over much of the southern and western part of the state. As for Texas most authorities are agreed that a failure crop is in prospect due to large acreages abandoned in the high plains area.

The Department of Agriculture has released its figures on April shipments of wheat, flour, and macaroni. With the 23.3 million bu cleared for that period, total exports are 276 1/4 million bu compared with 402.3 million bu last season. Exports of coarse grains totaled 147.2 million bu vs 165 million bu a year ago.

CCC in an effort to relieve storage and possible congestion later has arranged to use 50 ships of a reserve fleet. These belong to the U.S. Maritime Commission at Norfolk, while 25 additional ships in the Hudson River will probably be called into service, besides the 50 ships previously assigned in the same location. With a capacity of about 225,000 bu per vessel, this will naturally take care of a fair amount of accumulated grain.

There was another good decrease in Chicago wheat stocks --a decline of 634,000 bu, leaving 6 million bu in this market. Local corn stocks decreased 762,000 bu, with 3 3/4 million bu still here. Oats showed a more moderate decline, leaving 2.2 million bu, while there was practically no change in rye, but a further decrease in beans, with only 695,000 bu left.

The U.S. visible showed an increase of 1 3/4 million bu for wheat; total stocks of 190 1/2 million bu compared with 75.7 million last season. Corn stocks decreased 2 1/2 million bu to 18.4 million vs. 37.2 million last year. Oat stocks of 9.1 million bu are about 1 million bu less than supplies on hand ayear year ago.

While the opening was a little lower, liquidation continued, and selling hit a rather defenseless market with hardly any recovery until very sharp breaks had been recorded. Wheat and ryeprices at the extreme were down about 5¢ per bu, and ryeprices at Winnipeg were even weaker. Even beans today gave ground, although somewhat grudgingly, and the deferred months held a little better than the July delivery. Corn was not too much influenced by the great strength in the hog market. The price of 26.90 showed an advance of 50 to 75¢ per CWT, and this was the highest level since October 1, 1948, when hogs sold at 27.50. However, there was liquidation in corn and no help was received from the export market. Flour demand was still very poor, partly due to the holidy, but mainly because of the discouragement engendered by the steadily declining wheat market.

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CHICAGO, 4 June 2, 1953

The whole question of international trade has become more involved since the war. Formerly the volume of business passing between Western Europe and Eastern Europe had been very substantial. As a matter of fact, the economy of each depended on the economy of the other. Western Europe bought food and war materials in Eastern Europe and in return shipped back manufactured goods. We now frown on such trade even though it may not involve strategic war goods, but at the same time we have hardly offered Western Europe a substitute for the markets of Eastern Europe that we are asking them to abandon. In other words, we have not lowered our tariff barrier so that Western Europe could have access to our markets. As many well posted people point out, if we continue to keep U. S. markets substantially closed to Western Europe, we shall eventually force those countries to increase their trade with the Soviet Bloc; otherwise they cannot live.

Whenever the question of imports arises somebody insists that the tariff either be raised or that absolute restrictions be imposed. We have heard such talk lately with respect to oats coming from Canada to the U. S., and we recall last year when demands arose from our dairy farmers for more protection when Denmark exported cheese to this country. As a matter of fact, Denmark actually spends $3.50 buying American agricultural products for each one dollar she earns selling Danish farm products to us. Moreover, we have not been consistent in many of our dealings. When the Marshall Plan first started, we sent experts to England, France, and Italy to teach them how to produce more goods at lower costs in an effort to become more efficient and more productive. Yet the moment they tried to increase their trade with the U. S., some segment of our economy insisted on greater protection, claiming that the Europeans could produce at lower costs than we could.

Before our market opened this morning, there was little news to guide it. There has been some scattered moisture in the Northwest and a few rains in western Kansas, but it does not look as though precipitation for the Southwest would develop on any large scale. Meanwhile, temperatures have been pretty high, and there are some complaints that the wheat belt is deteriorating. At best, Kansas cannot raise much of a crop. Gradually we think these factors plus the heavy impoundings will attract more interest, although it may take some time before confidence is restored. The fact that Syngman Rhee had been more conciliatory toward us in trying to forward truce negotiations had a somewhat bearish impact on grains for a few minutes, but this was quickly forgotten. As a matter of fact, the possibility of peace has been one of the important factors in bringing about so many of the declines now for the past five or six weeks.

Primary receipts of wheat were 2,148,000 bu which compared with 1,473,000 bu last week, and 1,710,000 bu last year. Stocks the first two days of the week at Kansas City and Minneapolis are about a standoff.

The Government Weekly Crop Report spoke of high temperatures in parts of the Southwest with resultant deterioration coming on top of freezes earlier in the season, while in the corn belt planting is pretty well along, and seems to be about finished in Iowa and nearly completed in Illinois. Soybean planting is also progressing well, but there are a few areas where moisture would be welcome.

We heard very little of export business today, although it was reported that Spain had purchased 5 cargoes of Manitoba wheat first half June shipment. The wheat movement in the Southwest continues on a pretty good scale considering the size of the crops in Oklahoma. Good carlot arrivals at Enid were reported again today, and the testweight is fairly high suggesting that yields must have been fairly good. However, some deterioration in Oklahoma is resulting from high temperatures, and the later wheat may have been hurt. We are getting mostly satisfactory advices from the Northwest, although in some places moisture has been excessive, and they would like a period now of clearing weather.

Markets showed a tendency to rally, but wheat advances were not maintained, and very often this is the case after we have had such sharp breaks. Corn acted pretty well, and there, too, prices are so far under the loan that redemptions are bound to be light, but this is partially offset by the fact that the CCC is selling some inferior corn to feeders. The bean market was relatively inactive.

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CHICAGO, 4 June 3, 1953.

Our Foreign Aid Programs are much more closely inter-related with international trade than most people seem to realize. For example, the U.S. is subsidizing Japan to the extent of about a billion dollars a year, and everyone knows that this cannot be carried on indefinitely. That country has a population of about 83 million persons, who live in an area about equal in arable land to New York State. Fortunately, our occupation authorities did such a thorough job in health and sanitation measures that we cut Japan's death rate by 60%. Moreover, the country is very prolific; in fact, so much so that each day Japan has 5,000 new mouths to feed. However, she has been stripped of her overseas possessions, so that she has neither raw materials for her industry nor food for her people, and thus it is imperative that we try to help her find a market for whatever surpluses she possesses rather than to be driven toward Russia for trade relations. Obviously, Japan, like a good many European countries, has to earn her own living in due course of time. If we want her to continue as a friend and ally, either we must accept her goods in this market, letting her earn the dollars she needs to spend here on the basic things she has to import, or else we must continually give her annual gifts, as is the case at the present time. The U.S. cannot long succeed in maintaining an internationalist foreign policy politically if we are going to pursue an isolationist policy economically. We cannot make our Allies politically strong by keeping them economically weak. At the present time Japan is a firm friend of ours and has a deep fear and hate of Russia, but we must not overlook the tremendous economic dilemma, which might force a change in that connection unless we are ready and willing to face realities.

Before our market opened there was not too much to guide it. There had been some good rain received in Canada. General rains occurred in the south and central parts of the Prairies yesterday, and last night there was over 2 inches at Lethbridge and Medicine Hat, while almost 3 inches fell at Broadview, Saskatchewan There were lesser amounts of precipitation in our Northwest, but not much elsewhere except a hard rain in Hutchinson, Kansas. Chances are that the spring wheat areas will have further precipitation, but not much is indicated for the winter wheat belt, nor for the corn belt, and high temperatures still prevail over many parts of Kansas and Oklahoma, which is undoubtedly doing some damage.

The first new-crop wheat from Kansas is reported by The Southwestern Miller in Wellington, and it came from a field that yielded close to 18 bu per acre, with moisture high but the testweight was heavy. General combining in southern Kansas is not expected for another few days.

Washington figures disclose that the stock of wheat owned by Commodity is rapidly increasing, and they had a non-committed inventory, as of May 21st, of 258 million bu compared with 185 million bu the week before. There are still no figures available on defaults, but it is generally assumed that there is only about 75 million bu in free hands, while the rest was probably impounded. The government still has 244 million bu corn on hand but will acquire more on July 31st, when either redemptions occur or farmers default. As a matter of fact, if prices remain low, we expect that Commodity holdings will comprise a large percentage of the carryover.

Primary receipts of wheat were 947,000 bu compared with 760,000 bu last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a total increase of 90,000 bu.

Trade sentiment was better, and it is figured that even if favorable truce negltiations are worked out that the markets have discounted pretty much the bearish news known to-date. As a matter of fact, peace might create a better demand for grains than if we remain at war in Korea. There is a very good chance that 25 to 35 million bu of wheat will be moved to Pakistan to take care of the suffering incurred there, while Greece has received $16 1/2 million for the purchase of breadgrains with the approval of M.S.A. Altogether the markets have gone so far below the loan level that every effort will be made tohold wheat in storage. The Under-Secretary of Agriculture stated today that the government is working on the premise that grain storage should not be run by federal agencies, and while it probably would be the simplest matter to have CCC go out and buy bins, this administration does not believe this is the constructive approach --rather that farmers, as business men, have to be adequately equipped to have proper storage facilities. Following the leadership of wheat, we found that corn, beans, and oats also did better, while rye was helped by the higher market at Winnipeg, and some Canadian export business to Europe which apparently was the first in months. UHLMANN GRAIN CO.

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COMMODITY EXCHANGE INC.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 4, 1953.

In the early development of our nation, the export trade that we were able to establish was one of our greatest assets. It would have been impossible in the pioneer days to have built our railroads or to have developed our industries without large loans from abroad, in addition to merchandise that we were able to sell. As a matter of fact, the interest on these loans was paid through our excess of exports over imports, We succeeded in doing this to such an extent that it gradually enabled us to pay off our indebtedness and eventually we turned from a debtor to a creditor nation. At the present time with only 7% of the world's population, we are producing nearly 40% of all the goods in the world. This is certainly a marvelous achievement, but we must also recognize that as the leading creditor country it requires economic statesmanship because our own self-interest in political and military circles requires that we reshape our economic weapons according to our military and political needs. World trade is a two-way street and we cannot forever continue to sell if we refuse to buy. It might be well to remember the stern warning of Frederic Bastiat, who said: "If goods do not cross borders, soldiers will."

There was not a great deal of news overnight except that a fair amount of rain was reported in the spring wheat territories on both sides of the border; not much elsewhere, and warm temperatures continue in Kansas, which is undoubtedly causing deterioration. According to the private estimate that was published this morning we have a prospect for a winter wheat crop of 750 million bu, which is 20 million bu better than last month, while spring wheat yields are expected to be 358 million bu, or a total crop of 1,108 million bu. This together with a prospective carryover reserve of 575 million bu would give us a total supply of 1,683 million bu. If this promise finds fulfillment, it would be a record for all time, and would even exceed the amount on hand in 1942, when our exports to Europe were virtually cut off due to the war. We figure that with probably 35 million bu wheat given to Pakistan under certain terms, and other large quantities disposed of through MSA, we shall probably do a fair business during the coming season, although we doubt whether exports will come up to the total reached this year, which would indicate that we shall probably add somewhat to our carryover reserve one year hence. During the past week we shipped only 2.2 million bu wheat and flour, which brings the total for the season to 306 million bu compared with 441 million bu a year ago. Our corn exports last week were heavy and amounted to 2.6 million bu, so that we have totaled 98 1/2 million bu since October 1st, which compares with only 59 1/2 million last season. Our advices are to the effect that Japan will require very few beans between now and end of the crop-year. Australian wheat and flour exports during the past two weeks were 4.8 million bu, and since the 1st of January they have shipped 45 3/4 million bu compared with 32 1/2 million bu a year ago. There still remains for export and carryover 81 1/4 million bu in that country.

A national disaster is reported in China, indicating that the peoples are going hungry due to flood and famine, and this might be serious enough to influence Red views on a Korean truce. Their wheat crop, which ordinarily comprises 10% of the cereal production, was nearly wiped out, while rice crops in the South and West have been heavily damaged by floods, which up to date have not subsided.

Primary receipts of wheat today were 1,734,000 bu, which was about the same as last year, and compared with 1,411,000 bu last week. Kansas City and Minneapolis stocks so far this week show a total increase of 70,000 bu.

Our market was naturally influenced by the bearish crop report, and also later in the session by the possibility of a truce. While great secrecy surrounded the meetings of Communists and United Nations' Commands, it was nevertheless claimed that we were very close to a settlement, and considerable optimism prevailed, with apparently only minor matters left for negotiation. Corn weakened as a result of the Des Moines meetings yesterday. It seems there is about 60 million bu of corn that may require storage facilities if defaults later on are heavy, and apparently there is some resistance on part of farmers to add to storage construction on their own initiative. In any case, whatever little confidence had been built up yesterday was somewhat shaken today by the optimistic crop outlook and the absence of much business either foreign or domestic. We had only moderate support, but on the whole uninspiring markets. It appears that bakers almost without exception are unwilling to cover their requirements for anything more than immediate needs.

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CHICAGO, 4 June 5, 1953.

In a hearing before the House Agriculture Committee yesterday, Mr. H. H. Gordon, Head of PMA, expressed the U S D A view that the minimum wheat acreage allotment for the 1954 crop should be set at about 62 million acres. However, Mr. Gordon stated that if Congress wants to put the minimum at 66 million acres, as per a proposed new Bill introduced by Representative Hope, that "the Department would interpose no objections." Unless Congress acts to provide a new minimum, the national acreage allotment for the 1954 crop would be at aminimum of 55 million acres compared to an average of about 78 million acres for the past several years, which would mean a reduction in one year of nearly 30%.

In addition to providing a new minimum acreage the proposed legislation would exclude from the marketing quota referendum all wheat farms of 25 acres or less, or producing 400 bu or less, establish a penalty for wheat sold in excess of the quota fixed for a farm, and set the past five years as the basis for fixing acreage allotments. The U S D A official endorsed almost all of the provisions of the Bill, except for the Department's recommendation to limit theminimum acreage as mentioned above. Mr. Gordon stated that current and prospective stocks of wheat are giving the Department considerable concern, and that on the basis of foreseeable domestic and export demand, carryover stocks by July 1, 1954, will amount to about 630 million bu, or about equal to the largest carryover of wheat ever recorded.

The Agricultural Research Administration of the U S D A reports that armyworms from Missouri to Delaware and corn-flea beetles in Illinois and Indiana are taking a serious biteout of grain and forage crops and pastures this spring. Entomologists in these states describe the outbreak of these pests heavy in Pennsylvania, Indiana, Tennessee, and Maryland and that new pasture crops and grain in some areas have been severely damaged. In Indiana armyworms which have destroyed fields of young corn are migrating to wheat, while in Illinois corn-flea beetles are reported to be more abundant than at any time in the past twenty years, with many early corn plantings being damaged, particularly in the central part of the state. According to one entomologist, armyworms are normally kept in check by a parasitic fly, but unusually favorable weather conditions for the worms this spring have upset nature's balance.

Overnight, scattered showers occurred in the Northwest and some rather heavy rainfall over the southwestern wheat belt and northern portions of the corn belt. The forecast suggests scattered showers generally in all areas with somewhat cooler temperatures, while the five-day weather outlook indicates 1/2 to 3/4 inch precipitation for Nebraska, 1/2 to 1/4 inch for Kansas, and 1/4 inch or less for Oklahoma.

There was no export business reported but Germany is expected to enter the U.S. market around mid-June for 100,000 tons wheat, and equally heavy buying is anticipated from Italy, although no definite date has been set. Additional MSA funds are being allocated to Yugoslavia for red wheat. The sale of a cargo of #2 yellow corn, 14% moisture, reported yesterday to Egypt is said to have been cancelled.

Primary receipts of wheat were 2,543,000 bu compared to 1,518,000 bu last week, and 1,881,000 bu last year. Corn primaries were 1,062,000 bu vs 621,000 bu a year ago. So far this week Kansas City and Minneapolis stocks show a net decrease of 35,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 1,642,000 bu.

There was no particular grain news to influence markets. The anticipated signing of a truce in Korea seemed to be uppermost in the minds of many, and it appeared as though there may have been considerable evening up of positions prior to the weekend holiday. Receipts of new wheat in the Southwest continue to go mainly to storage with only a very small percentage being sold.

According to The Southwestern Miller, even after a decline of 8¢ per CWT in the cost, hard winter flour business picked up little, if at all. The great majority of buyers were influenced by the decline, to intensify their waiting attitude, being increasingly hopeful that more attractive bargains will develop as the new wheat movement expands.

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CHICAGO, 4 June 8, 1953.

For many weeks grain markets have been subjected to pressure because traditionally peace is regarded as bearish, just as war is generally a period of high prices. Now that the prisoner-exchange agreement has been signed, and it looks as though the truce might be only hours away, there has to be a reappraisal of what the changed situation might have in store for price levels of grain. It cannot be overlooked that with the tremendous production we have in this country, our markets are geared for heavy exports, and they must be maintained unless the farmers of this country are willing to face a serious and permanent cutback in production. There has always been a good deal of gossip that mandatory acreage controls will be voted before long, but we hope the time will not come when marketing quotas are necessary, for the reason that the latter always cause great hardships upon producers. Actually farmers of this country have always been masters of their own destiny and did not want to have governments dictate at what time or at what price grains could be sold and moved. We note that last week fines totaling nearly $1,000 were imposed on thirty-seven farmers in Canada in one of the largest mass prosecutions undertaken by the Canadian Wheat Board. What these men actually did was to sell in excess of their wheat quotas. Another thirty-five farmers were scheduled to appear before a magistrate, and it seems that each of the farmers in police court pleaded guilty to having sold a total of 13,000 bu wheat, oats, barley, and rye beyond their quota allowance.

Over the week-end there had been a good deal of rain everywhere, and the weather map is still unsettled, indicating that there will be further precipitation in our Northwest and in Canada tonight and tomorrow. As a result of the recent rains, moisture for the Canadian Provinces stands at 108% of normal. There had been marked improvement in the crop outlook, particularly to acreage which has already been seeded. Of course, there will be some cuts in the regions where farmers were unable to complete their sowing operations, and the major need now is for hot dry weather to speed germination, and to allow the completion of seeding. We had some very heavy rains in southwestern Oklahoma, as much as 4 inches in some sections, and cutting will be held up at least until Wednesday, and maybe somewhat later in other places.

While wheat was the only market that advanced much in the early dealings, there was some response to a statement from certain U.S. officials who declared that an effective truce in the Korean war would be an important demand factor for our surpluses, chiefly for grains, fats, and oils, and that the market effect would be decidedly bullish. They stated that very likely the U.S. would take every advantage of the political potential of food as a weapon during the armistice period.

Cabled advices to Broomhall from European sources stressed unfavorable weather in a number of countries; temperatures are unseasonably low in Italy, France, Germany, Holland, Belgium, and the U. K. While there have been no complaints of serious deterioration, it is said that growth is being retarded.

We still do not have figures indicating wheat defaults even though April 30th was the date on which farmers had to redeem if they wanted to prevent supplies from being acquired by the government. The writer in speaking with one of the high officials in Washington was promised some aid as to greater promptness being exercised by informative reports at more regular intervals on the amounts of grain that are impounded, since this is one of the most important factors in affecting grain prices.

When the visible supply of wheat was posted, we had a large increase in wheat, the first big one of the season, which amounted to 8 3/4 million bu. Total stocks of nearly 200 million bu compare with 77 1/2 million last season. There was a small increase in corn stocks, with 18 1/2 million bu in various markets compared with 35.6 million bu a year ago. A small increase in oats of 219,000 bu brought the total to 9.3 million bu compared with 12.6 million last year. Chicago wheat stocks decreased 1/2 million bu, leaving 5 1/2 million here, but this is not much of a factor with the large red winter wheat crop which will move within a month or so.

Markets were all rather firm, and there was some talk that the tariff commission might review the situation with respect to grain imports. This influenced oats, but other grains were up in sympathy with the advance in wheat, although 60% of the corn receipts in Chicago today were for the account of Commodity. On the demand side of the picture there was no urgency to buy, exporters were not in the market for corn, and we heard of very little business elsewhere. Also, the domestic flour business was dull over the week-end, but if prices should remain firm for a few days there could easily be improvement. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 9, 1953.

Truce terms may be settled during the day, and there are merely minor technicalities still to be ironed out, particularly with respect to a buffer zone so that very likely at tonight's meeting further progress will be made that will lead to an actual cease-fire order. It is difficult to measure in terms of happiness what this will mean to American Mothers whose sons have fought valiantly during the past three years. We can measure, however, somewhat better what it will mean to our economy, as it costs the taxpayer about $400 million a month to support U N fighting forces in that country. This is in addition to any regular costs of maintaining an Army, and the saving that we mention does not include pay and allowance of troops, nor the cost of planes, tanks, and ammunition used or lost, but it does include the equipping and supplying of South Korean and other U N forces. Therefore, it is obvious that one of the heavy drains upon our expenditures may soon come to a halt. We doubt whether the tremendous concentration of military equipment in Korea could be used elsewhere to build up our reserve supply, and, indeed, from a military point of view it might not even be feasible to remove it. But the stocks of tanks, rifles, bombs, bullets, cannons, tents, and other equipment on hand would probably exceed anything in history except possibly the equipment that was built up and stored in Britain on D-Day nine years ago.

Before our market opened this morning there was little to guide it, although there had been a better sentiment in grain circles on the theory that once the shooting was over, we would think more in terms of feeding people in despair who were suffering from years of hardship. To what extent we can reduce our grain surpluses through enlarged foreign demand remains to be seen, but if we have the ambition and the will to alleviate distress in the war-torn areas, it will probably provide a much bigger outlet than we have enjoyed hitherto.

In the meantime, however, weather has turned better in our Southwest, and before long harvesting operations will be possible, so that the first rush of wheat to market, even on a small crop in the winter wheat district, is bound to make itself felt. Possibly some of the wet wheat will be sold rather than stored. There is no assurance that there has been enough elevator capacity bought or arranged for to take care of the tremendous red wheat crop which will move in another three to four weeks. Possibly some of it will beheld by the farmer due to the fact that price is unsatisfactory and low in relation to the loan, but yet there has been more red wheat marketed traditionally than any other type of wheat even when the distortion between loan and market was wider than normal.

Spain was a heavy buyer of Manitoba wheat, but also contracted for three cargoes No. 2 red wheat for August shipment, presumably via the Gulf. This may have had some influence on opening prices, but for the time being there is not too much confidence, and markets seem to encounter selling on moderate bulges.

The disastrous floods in Iowa and the tornadoes in Michigan and sections of Ohio, while damaging, were not regarded as particularly meancing to crops.

Primary receipts of wheat were nearly 2 million bu, which was slightly less than last week and compared with 2.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 130,000 bu.

After quite a bit of firmness in the wheat market early, there was some selling, and this may have been due to favorable crop summaries by the Department of Agriculture. Not only does wheat look good in the Central States, but pastures and meadows are excellent, and practically all corn is up with cultivation under way, while insect infestation seems to be on the wane. It was not until the bean market became strong that other grains rallied, but even then the reactions were feeble, as there was considerable weakness in securities, and speculative selling generally has its influence on grains. Bean oil was strong, but July beans led the list, probably influenced by the small supplies in Chicago. In corn, it is difficult to arouse much enthusiasm, as half the Chicago receipts today were again for Commodity Credit Corporation.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 10, 1953.

The UN and Communist truce negotiators turned over to staff officers the job of putting a Korean Armistice into final form and then recessed indefinitely. It still looks as though a cease-fire order would occur within a few days, or possibly a week, as about the only important matter still to be settled is the setting up of boundaries for the participants, although there was one factor that might cause further delay: namely, an announcement by Switzerland that she would not serve on the Five-Nation Prisoner Repatriation Commission unless South Korea approved the truce. Meanwhile, there seems to be bitter opposition in South Korea with demonstrations for the second straight day against UN proposals for an armistice. Previous rumors that Syngman Rhee would fly to Washington and make a personal appeal against the truce have been denied, as apparently their President will not leave his country during a period of grave situations.

The stock market, which had reacted rather sharply to all this news yesterday, did not extend its declines on a vigorous scale in the first dealings this morning. As a matter of fact, some of the rails which had been greatly depressed yesterday were a little better, although in the industrial field there was a little weakness here and there, but nothing very pronounced. Our grain market opened reasonably firm except for corn, and as far as the latter cereal is concerned, it is affected by the rather heavy selling on part of CCC. There is a persistent movement of corn to terminals, which is much the same as a pattern formed last season, which, however, subsided during the period of heavy wheat movement. Later on in August the government sold more of its corn, and while there is no promise that the situation will follow along the same lines, we do believe that there is some reason for thinking this will be the case as empty cars will be needed after the wheat harvest, and for that reason the government generally concedes the point and does not press its corn holdings in a manner that would interfere with the routine marketing of wheat.

The spot corn market, which had been quite weak yesterday extended its decline this morning, and if CCC takes care of some of the industries by selling them supplies, it would naturally have quite a bearing on our markets.

Weather in the Southwest continues hot and dry, this being particularly true in Texas and Kansas. There is a substantial volume of new wheat moving but from all sources we learn that the volume coming into commercial supplies is exceedingly small. Many handlers are complaining that the amount of free wheat is extraordinarily scarce. In a few instances country stations are buying some wet wheat, or at least some bearing high moisture content, but according to The Southwestern Miller many farmers have discontinued hauling to elevators where they cannot get storage, and this is true even at points where prices range only 7 to 8¢ below the net loan. There was a good deal of moisture overnight in northern sections of the corn belt, where it was not particularly needed, while light showers occurred over western Canada and more are forecast for Manitoba.

Primary receipts of wheat were 1,220,000 bu compared with 947,000 bu last week, and 904,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 210,000 bu.

There was very little buying power, and milling demand was still reported very poor. An advance of 15¢ per CWT in hard winter wheat flour apparently discouraged any increased business. Broomhall's ForeignCrop Summary was quite optimistic. The French crop is expected to be above average both as to yield and quality, recent rains in Western Germany have brought improvement, while heavy rains throughout Italy have been beneficial, and conditions are considered very good. After the close of the market we shall have a government report, and in view of recent rains a large outturn is looked for. July beans continued strong, probably due to the light supplies here in Chicago.

There was a little better tone to the stock market before grains closed on the possibility that the Federal Reserve Bank may ease money supply to member banks by reducing reserve requirements to 20% in New York and Chicago. While we cannot confirm this it did at least have some influence after being circulated.

The President also stressed the need for helping Pakistan solve its food problems by sending wheat to that country, and he urged Congress to act quickly since the government already has large stocks of wheat on hand.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 11, 1953.

After the close of the market last night the government made its estimate of the winter and spring wheat crops, and forecast total production at 1,132 million bu. This was considerably more than had been expected but yet a crop of this size would be about one-eighth smaller than the bumper crop of 1952. In making their appraisal, the Department forecast a spring wheat crop of 362.6 million bu, which would be a record, but they based the yields largely on the prospective planted acreage reported in March. Inasmuch as rains may have prevented the full intended planting, there are apt to be some revisions later on. We consume no more than 700 million bu wheat at home for bread, food, seed, feed, etc., so it means that there will be a surplus of 432million bu from this year's crop if present promises find fulfillment. If we add the carryover of 575 million bu, it would mean that this country has a billion-bushel wheat for export or reserve one year hence. Despite the failure crop in Texas and rather small yields in Kansas and Oklahoma, the winter wheat yield of 770 million bu is only 3% below average. While there has been a good deal of insect damage reported in parts of the red winter wheat belt, we find that the crop in Illinois, Indiana, Ohio, Michigan, Pennsylvania, and Missouri will reach 241 million bu, which would be 26 million bu larger than last season. This, of course, is tremendous, particularly since the red wheat does not find as ready a demand as some of the other varieties, and, indeed, the question of storage is apt to become quite a problem before many weeks pass.

The government seems fully cognizant of this situation. CCC is about to move 28 million bu wheat from Kansas to storage space in the East. If this is the case it would be more than enough to entirely fill up the "mothball fleet," which has been prepared to take on the storage of surplus grain. It would not, however, leave any room for the red wheat which may soon move in heavy volume. The government has been somewhat reluctant in adding to its storage space owing to the fact that they already have a capacity of 545 million bu, and to the extent that they find it possible they do not want to compete further with private business. They feel that the job should be left to free enterprise, although if the situation becomes too acute they will undoubtedly add to their storage, at least for corn if not for wheat.

In their monthly report, the BAE also points out that planting of corn proceeded rapidly after a delayed start in the main corn belt, and that it was largely completed by June 6th. In some sections fields had become weedy before the first cultivation, but now most of the fields are clean and good progress is reported. Planting of soybeans appeared to be on schedule, and the crop was developing well.

The wheat market naturally responded to the bearish figures, but corn held relatively steady. It was reported that Norway had been allocated $1,700,000 by MSA for the purchase of corn. Export business in wheat was quiet, but Germany is expected to buy the balance of its IWA quota in about a week, the quantity amounting to about 110,000 tons. India is also in the market for some soft wheat to clear by July 15th, but that will be via the West Coast; Italy is expected to buy a small quantity in the U.S. also.

Primary receipts of wheat were just less than 2 million bu, compared with 1 3/4 million bu last week and 2.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 362,000 bu.

Trade was rather dull, and despite the bearish implication of the government report wheat prices held reasonably well although suffered some declines. Coarse grains were in better demand with both oats and corn showing a fairly good undertone, despite liberal receipts of corn in this market for account of CCC. Our wheat and flour exports during the week were only 2.1 million bu according to Broomhall, while Canada shipped 10.7 million bu. U.S. wheat and flour clearance since July 1st have amounted to 310 million bu compared with 447,million bu last season. Our corn exports for the week were 1 million bu, and since October 1st we have shipped nearly 100 million bu, or about 40 million bu more than a year ago. Total soybean shipments since October 1st are 26 1/2 million bu, or twice as much as a year ago. July beans lost some ground as compared with the deferred futures. Exporters reported the sale of 800,000 bu of U.S. corn to Mexico.

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CHICAGO, 4 June 13, 1953.

A friend of ours just returned to his 35th college reunion. As a matter of curiosity he visited the Economics Department to satisfy himself if he were a student again whether he could pass this year's examination. After he had received a copy of the paper it appeared to him that the examination was identical with the one he had dealt with 35 years earlier. He questioned the professor as to whether this could be possible. The professor answered, "In Economics the questions never change, it is only the answers that are different."

The present price dilemma facing the Department of Agriculture should not prove particularly surprising in view of the fact that we have raised bumper crops now for many years and gradually our export market has been falling off. If a market is free, open, and competitive, it makes the automatic adjustment to consumption, and it is a fundamental fact that a price that is too low does not maintain production, while a price too high does not maintain consumption. We have attempted to maintain our production at a high level for several years now owing to the Korean conflict and other preparedness measures, while at the same time we have kept our loan price at a continually higher level in order to assure the farmer of a satisfactory parity ratio so that he might maintain his living standards. As a result, the accumulations that have occurred are rather difficult to deal with at this moment, and even the government support prices are not proving effective, as there is always some grain which cannot be accommodated even with the tremendous additions to the storage capacity of the country, both federal and private. In the end the consumer is and ought to be the power that directs ultimate production, for surely the purpose of production is consumption.

When our market opened this morning, very little attention was paid to the high temperatures Southwest. In Kansas, many points registered 102 to 109 degrees Fahrenheit. This may cause some shrivelling of the berry, with resultant deterioration, but the fact that Kansas City futures were so much weaker than we were led to the belief that the over-all production would not be greatly changed. Our markets continued to decline and the July future sold under the $2 mark, which was the first since March 1950 that this has happened. It is to be hoped that as usual, the price factor will bring about a correction. In some parts of Illinois there is not too large a divergence in prices between corn and wheat, and if the farmer who has a lot of his corn impounded under the loan decides that it is wise to feed wheat more heavily, this could become a factor.

It looks as though hot, sultry weather would continue in the Southwest, with rather high temperatures, but possibly a few scattered showers over the week-end. Wheat in southern Kansas is moving in freer volume and surprisingly enough, a fair percentage of truck deliveries at stations have been offered for sale, the main reason, of course, being that elevators are unable to obtain storage at terminal markets, and are, therefore, forced to limit unloadings to their own purchases.

Flour business, meanwhile, is at a very low percentage of running capacity, possibly only about 25% or less. The trade in flour lacks confidence, the same as it does in the market itself.

The government issued figures on the corn loan indicating 344 1/2 million bu impounded compared with 306 million bu up to April 15th. Of this quantity, 289 million bu is stored on farms, 1 1/2 million bu in warehouses, and 53 1/2 million comprising purchase agreements.

Primary receipts of wheat amounted to 2.4 million bu today, which was a little less than last week, and a little more than last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 465,000 bu. When the visible supply is posted on Monday it will compare with last year's increase of 4.3 million bu.

Markets were all pretty weak, although oats held comparatively better than other grains. Mexico seems to be in the market for a modest quantity of wheat to be cleared via New Orleans, but generally speaking both foreign and domestic demand is rather slow. It seems altogether likely that price as usual will be the greatest regulator, and if more wheat is fed to livestock this year than ordinarily, due to price relationships, it may work us out of some of our present difficulties. Some showers were reported last night in southeast Alberta, and southern Saskatchewan. From all indications prospects up there continue favorable.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 15, 1953.

Our wheat market took its cue on Friday from the weakness in Kansas City when despite very high temperatures, prices broke rather sharply, and we found that over the weekend quite a little new wheat was sold to Kansas City, also we heard that some large amounts of protein wheat were purchased by mills. Heretofore, it had been figured that with the comparatively small crop in Texas, Oklahoma, and Kansas, a greater tendency to hold might prevent this extreme weakness.

Despite the sharp declines we have had in agricultural products, farmers' cash receipts from marketings during the first five months of 1953 totaled 10.5 billion dollars, which was only 3% less than in the corresponding period last year. According to the government estimates, cumulative cash receipts throughout the remainder of 1953 will continue to remain somewhat below receipts in the comparable period last year. We must never forget that while prices are back to the pre-Korean level any comparisons made with prewar would still show the farmers to be in a strong position except that there is naturally discouragement with the recent declines that have occurred since peak levels were reached. As Mr. Benson pointed out at a meeting recently in Des Moines, we should never forget that we have made tremendous strides in this country during the past 150 years. On April 30, 1803, the whole vast area from the Gulf of Mexico to Canada and from the Mississippi to the Rockies was purchased from the French at a price of about 4¢ per acre. As matters now stand with only 6% of the world's people and 6% of the world's land, our industrial output is equal to that of all the rest of the world combined. Furthermore agriculture has advanced to a point where with only one-ninth of our working force engaged in farming, it permits other large numbers of people to carry on industry to provide the cars, the steel, the electric power, the ships, the coal, the oil, the homes, the radios, the clothing, etc., to take care of our consuming public, While declines in cattle prices have receded probably more than other agricultural categories we must not overlook the fact that when the present administration took office average prices were $19.70 compared with the all-time high of $30.30, and that the May 15th average, while $17.50 had shown some ability to stabilize since April. As a matter of fact most of the harm had occurred from 1951 to the beginning of 1953 with not much decline since that period.

Despite the continued hot and sultry weather in the Southwest prices were quite weak due to lack of commercial demand and the failure of Germany to re-enter the export market. Of the 569 cars of corn received in Chicago today 400 of them were for the account of Commodity Credit, which shows that pressure on the market continues and we had a weak opening in corn due to general discouragement.

Advices from Washington indicate that the Tariff Commission will hold public hearings on July 7th to investigate and determine whether oats being imported to this country will impair the U.S. price support program.

The visible supply of wheat increased 7 1/2 million bu, with total stocks now amounting to 206.8 million compared with only 81.7 million last year. At Chicago there was a decrease of 376,000 bu. The corn visible decreased 648,000 bu, leaving about 18 million bu in all positions, which is 15.4 million smaller than a year ago. Oat stocks increased nearly 1 million bu giving us a total supply of 10 1/4 million bu compared with 13 1/2 million bu last season.

Wheat assumed leadership in a declining market which naturally carried corn prices off also, but it was the poor milling and foreign demand, plus liquidation, that carried wheat prices to the lowest level in years. Judging from the liquidation, many discouraged traders are not apt to enter the market again unless they have some basis for confidence, which apparently does not exist at this time. We figured the last few days that if corn and wheat pricesshould come closer together that feeding of wheat will consume larger amounts of wheat than is normally used for livestock purposes, but for the moment storage space is scarce in so many parts of the country already that apparently there will be some wheat offered for sale, so that the loan itself is not effectual. In Kansas City there were 766 cars of wheat received today of wheat 338 were for account of Commodity. Apparently the latter agency is putting wheat into storage from the country to take the place of other wheat which was previously ordered out. Beans held comparatively firm, and we understand, although cannot confirm, that there may be some supplies being brought from Decatur to Chicago to satisfy a short position on the July future. Oats held pretty well, and there may have been some damage sustained in various parts of the country due to hot weather. On the whole, however, there was a rather discouraged feeling particularly as the wheat market showed no rallying power until a 10¢ limit was reached.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 16, 1953

It is sometimes difficult to explain how the market value of wheat can rule so far below the loan level, particularly so this season, when the distortions are much greater than they have ever been before. The grain trade never conceded the basic soundness of the price support program, but on the contrary was of the opinion that there could be no substitute for free markets. However, we always submitted to the laws of the land, but argued that if support prices were imposed they should be at distinctly low levels to avert disaster. There was partial agreement, and we recall that on April 5, 1948, Senator Robert A. Taft, speaking at Grand Island, Nebraska, said that, "If a support price is too high, the government accumulates such huge amounts of products that it is forced to impose production controls and limit acreage for all farmers." Members of the grain trade further felt that when government non-recourse loans on commodities were unrealistic and too high, ownership of those commodities would pass to the government by default. Furthermore, as surpluses are stockpiled by the government and withheld from commercial channels, the situation becomes worse and worse because prospective purchasers know that it is merely a question of time until the inevitable liquidation of such surpluses must take place. This is true, if for no other reason than because the time will finally come when there is no elevator or warehouse space left to house new crops because these facilities will have been exhausted by the surplus crops in the possession of the government. These exact words, as above stated, were presented in writing to any number of Senators and others interested in American agriculture as far back as 1948, but unfortunately not much cognizance was taken of the warning. As a result we can see today the plight in which we are finding ourselves even though the government has amassed 545 million bu storage space to take care of surpluses and is now embarked upon a program to add an additional 50 million bu storage room.

Our market this morning opened somewhat higher, and apparently there was more flour business overnight, the break having attracted new buying, but on the other hand the orders were only for immediate shipment, or possibly for June shipment, with very little business for July or later delivery. A southeastern chain booked some flour for three weeks ahead, but apparently after such sharp declines as we had yesterday, great caution is being observed. It still remains to be seen whether the lack of storage is going to force heavy selling as harvest moves northward and finally reaches the red wheat areas.

According to the five-day weather forecast, there is some chance for moderation in southwestern temperatures and possibly a few showers in eastern Oklahoma. Meanwhile, there has been some rather heavy rain reported in our Northwest, but on the whole not too much attention is being paid to the progress of crops.

A well posted grain man in the Northwest writes us that last week was a good one for growing crops, and that the crop has made tremendous growth. There has been some moisture in parts of the Northwest the last few days which might make that crop more susceptible to rust, although our informant states that only traces of rust were found in South Dakota, and also on the trial plots at the University of Minnesota.

Primary receipts of wheat today totaled 3,833,000 bu compared with 1,993,000 bu a week ago, and 4,738,000 the comparable day of last year. So far this week stocks at Minneapolis and Kansas City show a net decrease of 112,000 bu.

During the session Minneapolis and Kansas City markets became very strong, which led to a recovery in wheat at Chicago. Some of the strength was due in part to rumors floating around today that the government was contemplating making loans on wheat stored on the ground. This procedure was used some years back and was quite effective in restoring confidence in markets. It is our feeling that if this is followed up it would be more effective in our Southwest and Northwest rather than in the soft winter wheat states. Yugoslavia bought a cargo of #2 red wheat from the gulf; otherwise we did not hear of any export business. Corn was hesitant in following wheat, possibly due to the fact that of the 127 cars in Chicago, 105 were for the account of CCC.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 17, 1953.

One of the main issues that still faces the grain trade is the disposition which farmers will make of their red wheat, and the question has naturally arisen with markets so far below the loan whether percentagewise a greater amount will be impounded than in other years. The queetion of storage is of prime importance, particularly in this part of the country. It was for that reason that the market became so erratic yesterday when discussions were initiated in Washington as to the possibility of granting loans against wheat stored on the ground.

We can recall the last time an emergency action was taken on June 7, 1949, at a time when farmers were unable to get sufficient commercial storage, that the government granted what they called "distress" loans. This was done in all areas where climatic conditions made it feasible to store wheat on the ground for short periods in the open or in other temporary ways. At about noon today word came from Washington that some similar action had been taken, and that loans would be made to farmers against wheat stored on the ground in the arid sections of the Southwest. We do not have the full details yet as to whether the farmer will be held responsible for changes in grade and quality until wheat is properly housed. In any case, as soon as the government came out with this change in policy it electrified the market, and we had an immediate advance in prices until futures advanced to the full 10¢ permissible limit in any day's trading session.

There was not much trend to the market at the opening. High temperatures have undoubtedly caused extensive damage to the Kansas wheat crop, according to the Federal and State Departments of Agriculture. Where wheat has already ripened it naturally did little harm but elsewhere it caused shrivelling of grain and reduced yields where wheat was in the critical filling stage.

Broomhall's written comments on Europe are mostly favorable, although a number of countries are experiencing cool weather and require warmth and sunshine. There has been some retardation of crops in France where temperatures have been low and the same is true in Western Germany. Cabled reports to the same authority indicate that European weather is a little more favorable now but yet yields are not expected to be quite as good as last year.

We have had a few light showers in our Northwest, and generally speaking, conditions in the spring wheat areas are still very good. Throughout Texas and Oklahoma elevators have been compelled to halt the taking in of wheat on a storage basis. Storage room in those areas has become filled, and we believe that as harvesting continues northward there will be similar conditions inother sections of the country.

New York reported that a cargo of beans had been purchased by CCC at the Gulf for first half July shipment. This apparently necessitated some covering of hedges.

Not much attention was paid to statistics, nor for that matter to anything but the change in government policy. Strangely enough in 1949, when somewhat similar action was taken, we had an immediate advance of 6¢ per bu, and in the month and a half following there was a total increase in the price of wheat of about 12¢ per bu. We feel strongly that farmers in this part of the country will not be given a chance to make loans on wheat which is stored on the ground, for obviously in non-arid sections of the country spoilage could too easily take place. We also understand that none of these loans are being offered to farmers in Texas, where the crop was small, and where harvesting of wheat is about completed.

There was not much sympathetic relationship to the price of other cereals, but naturally the selling was halted and there were some advances. Outside markets were likewise influenced in so far as wheat was concerned, and the close was strong, although best prices were not maintained.

A cargo of red wheat was sold to Yugoslavia via the Atlantic. Before the advance became so pronounced there was considerable covering of hedges against domestic flour business.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 18, 1953.

President Rhee's action yesterday of releasing anti-communist North Korean prisoners has left conditions surrounding armistice talks in a rather chaotic condition. No statement has as yet been forthcoming from U N headquarters. Up to this move armistice talks seemed to have been progressing favorably and apparently were reaching a point of agreement.

The trade overnight had an opportunity to analyze the action of the government permitting loans to be granted on wheat stored on the ground in the arid areas of the Southwest. However, last night it was reported that the Department intends to limit emergency loans on wheat stored on the ground in the Southwest where the dry climate makes outdoor storage less of a risk. One Department spokesman stated that he doubts whether emergency storage loans will be extended into the large soft wheat territory, as this class of wheat has a higher moisture content, and the mid-west summer is usually wetter than that in either the southwest or north-central states. It also brings up the question as to whether loans will be extended in the eastern part of Kansas where permanent storage is less plentiful.

According to the Dominion Telegraphic report from Canada, the warmer weather has permitted rapid development and good progress is being made with late seeding, but it is too late to prevent a partial shift in wheat production to coarse grains and summer fallow. The Saskatchewan Pool reported that for the week ended June 12th condition of wheat was lowered by 2 points, largely because of moisture deficiency in the northern areas. Speaking for Europe, Broomhall reports that as a whole the condition of European crops continues favorable. In Italy the tendency is to raise the estimate of the wheat crop to 294 million bu, which compares with an earlier forecast of 279 million bu, and last year's outturn of about 286 million bu. Timely rains in South Australia will permit resumption of seeding operations after several weeks' delay on account of drought. The French Minister of Agriculture has issued a preliminary estimate of the 1953 crop as of 292 million bu, which would compare with 310 million bu the previous year, and which in turn was the largest crop since 1938.

Weather in our Southwest continues hot, with very little relief in sight, although there may be some showers in northwest Texas. From advices which we are receiving from the Southwest many people feel that the present heat wave has materially cut into prospects in Kansas, estimates running from 15 to 30 million bu less.

According to Broomhall, U.S. wheat and flour exports for last week were 5,335,000 bu, making the total 315 million bu since July 1st versus 456 million bu a year ago.

Primary receipts of wheat today totaled 3,360,000 bu vs 1,988,000 bu last week, and 4,391,000 bu lastyear. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 87,000 bu.

There apparently was a good flour business consummated in the Northwest overnight, which led to hedge lifting in Minneapolis and some in this market, The Southwestern Miller says that bakery flour business slowed abruptly in the Southwest, almost coming to a halt. National brands of family flour have been booking in substantial quantities as a protection against the 30¢ advance which goes into effect at the opening of the market on Friday.

We have always maintained that price is the best adjuster of demand. According to information received, it is claimed that beef sales in great er Kansas City chain stores are 45 to 65% higher than for the first five months of 1953 than last year. Part of this gain has been at the expense of consumption of pork. It was reported that CCC sold a rather substantial amount of corn at the eastern seaboard yesterday to exporters which tends to dampen bullish enthusiasm and creates less demand from the country. Markets had a more two-sidedtone today, but during the session soybeans seemed to run into stop-loss orders.

There is still a very small percentage of wheat receipts from the country being sold, although yesterday there was excellent milling demand for certain types of wheat, but this demand seemed somewhat lessened this morning. Late in the session it was reported from Kansas City that there was heavy mill buying, and someof it was evidenced in the Chicago market.

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CHICAGO, 4 June 19, 1953.

Extremely hot weather continues over the central states and Southwest, with the five-day forecast suggesting above normal temperatures. However, there have been some scattered showers in the Northwest and cooler weather is indicated. Undoubtedly the present heat wave with the shrivelling of berries is reducing the prospects for the state of Kansas. While some sources think the crop in that state willstill amount to about 110 to 115 millionbu; others are placing the estimate somewhat lower. Several messages received this morning from Goodland reported that the heat has not hurt the wheat in that territory and that both in that area and in Colorado wheat is filling very well. Norton, Kansas, reports they do not hear much complaint but south and east the territory is not in particularly good shape. Both Grand Island and Hastings, Nebraska report that wheat in that territory is not being hurt while Garden City states the early variety of wheat which they are cutting down to be O.K. but later planted wheat may be suffering. However, in that section crop prospects have been pretty well discounted.

In looking over the general moisture situation, while Canada reports moisture as a whole above normal, there are many areas in the northern section where precipitation has been below normal. On our side of the border precipitation from March to May for the northern areas has been well above normal, while in the commercial corn areas precipitation has been normal to slightly under . However, the southeast area, which suffered so badly from drought last year, has had more than average precipitation during that period. There were scattered showers in the South Plains of Texas but not general.

There has been heavy covering of family flour during the past two days and a further advance of 20¢ per cwt on national brands is to become effective as of Saturday, June 20th. This now brings the advance in the last several days up to 50¢ per cwt. There was some evidence of flour sales due to this last advance, and it is reported that commitments were made for a full 120 days. However, since these commitments have beenplaced business will undoubtedly slow down for the time being. In contrast regular bakery flour business has been extremely slow.

According to The Southwestern Miller new wheat is moving in generous volume but only from a relatively small area to date: namely, Oklahoma and southern Kansas, and they reported that a sizeable percentage is being sold as space tightens and elevators are unable to accept grain for storage. There is a holding tendency on part of farmers in the hope that prices will rise. A few cars of new wheat were received at St. Louis today, but so far of very small proportions.

For the first five months of this year cash receipts of farmers have been $10 1/2 billion, or a decline of 3% from the comparable period of last year. There was a 5% increase in the total volume of marketings, but was more than offset by lower average prices, and it is expected that cash receipts for the balance of 1953 will continue to run below those of last year. During the five-month period cash receipts from livestock declined 7%, meat animals declined 14%, dairy receipts 4%, while poultry and eggs increased 11%. In the crop group received from wheat, corn, soybeans, tobacco, and fruits receipts were all above last year, but on cotton and vegetables receipts were lower.

Primary receipts of wheat today totaled 3,628,000 bu vs 2,401,000 bu a week ago, and 3,478,000 bu on comparable day of lastyear. So far this week Minneapolis and Kansas City stocks of wheat show a net increase of 53,000 bu. When the wheat visible is posted on Monday it will compare to an increase last year of 19,585,000 bu.

There was considerable hedge lifting against flour sales, but same was not sufficient to maintain wheat values. The main burden still looms from the soft wheat territory. There was some covering of oats during the session due to warm weather throughout the Central States, and there was also some talk that CCC would shut off shipments of corn to Chicago, but this could not be verified, and we understand no instructions have been received to this effect at the Chicago office. We do recall that last year during the wheat harvest CCC slowed down very materially on country shipping orders for corn.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 22, 1953.

Last week's erratic prices have caused a good deal of comment, as fluctuations were probably the widest we have had in several years. Kansas City futures, which led the upward trend, weakened toward the end of the week, and there seems to be some threat that red wheat will be attracted tothe southwestern market, and that pressure will not be merely in Chicago, as hasbeen the case now for a year or more. Strangely enough, corn went contrary to the trend, probably because of rumors that Commodity Credit Corporation might stop shipping its corn to market during the period when railroad cars were needed for transporting wheat. However, a high governmental official denied this, and apparently the recent selling of about 1 to 1 1/2 million bu each week was mainly due to the fact that some of the old corn was beginning to deteriorate, and undoubtedly it has to be moved irrespective of how much traffic there is in other grains.

We also had news from Washington that CCC would make "distress" loans on wheat at 80% of the regular support price for wheat stored on the ground in areas of Kansas, Oklahoma, Colorado, Texas, and Nebraska, where storage facilities are short. This is somewhat similar to a program that was established four years ago, although at that time the government assumed liability for the quality of the wheat, while at present the farmer will have to assume the loss in the event of deterioration. As a matter of fact, loans on the ground are somewhat fictional, and even the last time there was only one loan request which was approved by the Department of Agriculture, according to the Northwestern Miller, but we doubt whether storage facilities were taxed nearly as much at that time as they are at present. Even so, producers will probably be reluctant to take the gamble because when wheat is exposed to the elements, unexpected rains often occur, and as a matter of fact, we had considerable moisture over parts of Kansas during the past day or two, and after a long dry spell, it is always a question whether farmers want to take the added risk. The "distress" loans granted under the current program will run for a 90-day period, and after that if farmers can get their wheat into approved storage space, they will then be permitted to take out a regular price-support loan at 90% of parity, replacing the temporary loan.

Other news over the week-end related to cottonseed, and the USDA will henceforth support it at 75% of the May 15th parity instead of 90%, as was the case formerly.

There had been some fine moisture in our Northwest and in Canada, although the heaviest up there appeared to be in Manitoba. The over-all moisture condition for the three provinces showed a small decrease during the pastweek. It now stands at 109% of normal compared with 113% last week and 108% a year ago at this time. Some of the territories south of Kansas City which normally ship red wheat, were sending grain which graded mostly hard, and, therefore, it is difficult to say how much red wheat that market may have to deal with. For the time being, bookings are quite substantial, and carrying charges there widened to a greater extent than those in Chicago. Early reports were to the effect that two cargoes red wheat had been sold to Yugoslavia for September shipment FOB Atlantic.

The visible supply of wheat showed a big increase of nearly 16 1/2 million bu, and at Chicago there was a decrease of 174,000 bu, leaving nearly 5 million bu here. The U S corn visible decreased 2.3 million bu, oatsdecreased 786,000 bu and beans decreased 325,000 bu.

Wheat was quite weak all during the session, and there was very little new buying power with the trade probably waiting to see how much pressure Chicago would have to absorb when the movement in the central states is on in full force. There was, however, a very good demand for Chicago cash corn, and this was not only for export but also for shipment to Illinois points, and it is definitely felt that when the wheat harvest is on country elevators will not want to handle as much government corn as they have recently; also that boxcars will be required largely for the handling of the leading cereal. The fact that there has been such a severe drought in the Southwest may have also been a factor as it has been in oats. The carryover of oats will probably be somewhat smaller than last season, and no assurance, unless there is better weather, that we are going to raise as much as we did a year ago. It also remains to be seen whether the imports from Canada will be as large in the period ahead, Flour business which showed a spurt last Thursday has slumped off again, and family flour, which had been covered for several months ahead, is now out of the way.

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CHICAGO, 4 June 23, 1953.

For some time now CCC has been offering wheat every night for export, although not much business has resulted, but late yesterday they announced that until further notice they would discontinue domestic or export sales of storable wheat from accumulated stocks. Officials stated that this action was taken in view of the great increase in the regular commercial supply of wheat, which had resulted from the 1953 wheat harvest that was now under way. The new instructions to PMA offices do not limit in any way existing authority to exchange wheat of a given quality or location for wheat of a different quality or location, nor are they restrained from disposing of wheat that has either deteriorated or is otherwise unstorable. The trade construed this in a rather bullish vein because it had generally been taken for granted that whatever export business would be done on the next crop would not have to be taken from commercial supplies, but rather that the government would try to reduce its own holdings. We still believe that before long they may re-enter the market, and for that reason it is doubtful whether sustained strength is to be expected, particularl with hedges coming into the market. Price levels may have to be tested when red wheat moves in earnest, and from all indications there is going to be insufficient storage space to permit farmers to take the loan to the fullest extent; therefore, it seems quite likely that we shall still encounter considerable pressure.

There was some export business overnight, Germany having purchased about 4 cargoes hard wheat and nearly 2 cargoes red wheat via the gulf, also 6,000 tons red wheat via the Atlantic. There were not many hedges covered; the only thing we could discover at and after the opening was some large speculative buying, although one of the big exporting houses was a rather heavy seller.

Some light showers were reported over our Northwest during the night, and some moderate to rather heavy rainfall in portions of Kansas and light showers in eastern Oklahoma. Over the corn belt, however, generally fair weather prevailed, although temperatures were a little more moderate. We may have some precipitation in eastern parts of Oklahoma and Kansas, although our own weather man is not too hopeful that western sections of Texas are to be favored.

Little attention was paid to the recent statement by the government that loans were to be extended against wheat stored on the ground. As a matter of fact, the movement in Texas was shortlived due to a poor crop, while most stations in Oklahoma claim that very little wheat is moving. Apparently a good deal of the grain has now been housed, and there are just a few small scattered loads of wheat moving here and there. We doubt whether the small crop in Kansas will cause many dislocations, but for the next few weeks Kansas City receipts may keep up fairly well. There were 503 cars in that market today, and about one-third of them were for account of CCC.

It now appears fairly certain that wheat producers will vote favorably next month on wheat marketing quotas. Unless they do so loans for next year would be only at about 50% of the support price. It still remains to be seen whether the government will set a maximum acreage allotment at 66 million acres, which would compare with 55 million acres minimum under present legislation. Chances are that wheat producers who have less than 25 acres of wheat will be exempt from marketing quotas. It is these small producers who might be inclined to vote against the quotas, although if they are eliminated from the vote, it would leave the decision to the larger producers, who constitute less than 40% of the total number growing wheat.

Primary receipts of wheat were slightly over 4 million bu, which was heavier than last week, but compared with nearly 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 577,000 bu.

Toward mid-session additional export business was reported to Germany, making the day's total nearly 4 million bu, including about 1 1/2 million bu of red wheat. This helped the market, even though domestic milling demand remains slack. Some reports from the Northwest indicated the possibility of rust entering the picture, and in parts of the Red River Valley, recent cloud-bursts have placed wheat under water. The rust menace seems most severe in eastern Dakotas and western Minnesota. In contrast to the areas which received heavy rain, there was practically no precipitation last week over Illinois, Iowa, or Indiana. Corn is still doing well, with good stands reported and the plant in Illinois is at a height of 14 to 18 inches. Cultivation of corn and beans has been normal, but topsoil moisture is becoming very dry. The yellow cereal was quite strong, particularly the July delivery. Cash interests bought.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 24, 1953.

June has been a very warm month throughout much of the country, and while high temperatures were confined mostly to southern areas, we are beginning to get some pessimistic reports from Kansas not only with respect to deterioration of wheat, but also, dealing with the barley and oat crops. According to the Federal and State Departments of Agriculture, oats in Kansas have deteriorated to the point that the crop is now being cut for hay through the state. As far as wheat is concerned, 20% of the state's acreage had been harvested, with an additional 30% ready for combines, and despite some shrivelling of the kernel in the southeastern quarter of Kansas, yields are coming pretty well up to expectations, although poor to fair yields are being reported in western sections.

The administration will soon have to deal with the question of acreage allot--ments, and presumably, feed grains will have some bearing on the over-all outlook. Many other considerations, of course, come into play, particularly the fact that hunger and meager existence plagues three-fourths of the world's population, and there are still many nations depending upon us for a part of their daily bread. We must also realize that our surpluses help to give security during these years of world tension, and also, they act as further security against our needs in the event of a major war. Just recently we made a grant to drought-stricken Pakistan, where wheat has been rationed at the rate of 12 ounces per person per day. In many other sections of Asia starvation and widespread malnutrition are plaguing the people, and there is no real solution yet in sight.

Here at home, our population continues to increase. Authorities believe that by 1975 we will have 190 million people in this country. The Department of Commerce figures that every 8 seconds a baby is born, while every 21 seconds someone dies. Every 2 minutes an immigrant moves in, while every 17 minutes one person leaves the country. The net gain is one person every 12 seconds. Thus every 12 seconds there is an additional demand for farmer's products, or in other words a demand for a grown person to almost 1,600 lbs of food per year. To be more specific, the American farm must step up every 12 seconds production for 68 lbs of beef and veal, 72 lbs pork, 4 lbs lamb and mutton, 186 quarts of milk and cream, 8 lbs cheese, 17 lbs condensed and evaporated milk, and 16 lbs of ice cream. This is based on 1952 data, but it must also be realized that we are living in a land of abundance while people elsewhere in the world are worried as to what they will have to eat at the next meal.

Primary receipts of wheat were close to 3 million bu today compared with 2.1 million bu last week and 3,7 million last year, Kansas City and Minneapolis stocks so far this week show a total increase of 794,000 bu.

Our wheat market was rather weak today, although declines were orderly, and apparently there are some hedges coming into the market. For example, we note there were 882 cars wheat received at Kansas City, but with the small crop in Kansas the movement cannot last long, and even now carlots are considerably less than last year, although at that time they had a big crop. Millers still claim a disappointing demand for flour, and apparently with the market going down bakers are largely on the sidelines, and many of them may want to see what happens to our market when red wheat in the Central States moves in volume. In any case, the daily business is unimportant, but at the same time mills are not pushing business. The demand for cash corn kept up very well, premiums were higher again, but futures were inclined to sympathize a little with the weakness in the leading cereal. However, July corn was higher. Even oats showed minor declines in spite of the warm weather which has prevailed over many parts of the country. It will be warmer in the Central States, and probably not much moisture except along the northern tier of the corn belt. A good soaking rain would be welcome all around, but no such relief seems to be in sight.

Soybeans were also a little lower, although Germany was asking for offers of old and new crop beans for July, October, and November shipment. The small stocks in Chicago tend to make shorts in the July delivery nervous, although we do not know of any particular demand on part of processors when tenders are made next month.

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CHICAGO, 4

June 25, 1953

Very high temperatures continue in the Southwest, and this is particularly true in Texas, where the thermometer readings have been as high as 105 to 113 degrees fahrenheit. There were some rains in Iowa and Nebraska and a few in our Northwest, but there was nothing much over the corn belt, although showers are likely during the next twenty-four hours.

Wheat opened somewhat lower, despite the export business reported overnight with 2 cargoes of red wheat having been sold to Yugoslavia, also 4 cargoes of hard winters to Israel.

As the BAE points out in every year since the loan started, except last year, wheat prices have exceeded the loan at sometime during the season. Thus it is apparent that the heavy accumulations of supplies and the possibility of a change in our farm support program after 1954 may have lessened the general speculative demand for wheat, so that prices have slumped badly, despite the heavy impoundings that have occurred. The Bureau points out that wheat prices are ususally below the loan at this time of year and that many farmers are willing to sell at sacrifice prices during harvest time and forego the carrying charge, while other farmers are often willing to take less than the loan equivalent rather than to process the loan and find and provide the necessary storage space. Besides there are always some quantities of wheat of low grade or high moisture content which will not qualify for a loan. Based on the June government report a prospective winter and spring wheat crop of 1,132 million bu is likely. The carryover figure will not be officially given until July 24th, but a tentative estimate of 580 million bu is made at this time. Supplies in these two places, plus probably 5 million bu imports should give us a grand total of 1,717 million bu, which would be the largest on record, and 7% above the previous high, which was attained in 1942-43 when we had 1,601 million bu. There may, of course, be some adjustments if the spring wheat crop turns out less, and there may even be some reductions in the Southwest due to the excessive heat. However, basing our estimates on the figures just cited, and allowing for exports next season of 315 million bu and a domestic disappearance of 690 million bu for food, seed, and livestock feed, we shall undoubtedly add to our reserve stocks one year hence. Here, again, there may be some shift, particularly if wheat and corn sell so close together that the amount of wheat needed for livestock feeding exceeds the usage of the past few years.

Not too much attention was paid to the CCC plan of again making available for export its stocks on the Pacific Northwest. The government has indicated that this selling will be suspended again as it has been in other areas just as soon as regular commercial supplies of new-crop wheat become available in sufficient quantity to meet export requirements.

Primary receipts of wheat were over 4 million bu compared with 3.3 million bu last week, and 5.7 million bu last year. Kansas City and Minneapolis stocks so far this week show an increase of about a million bu.

There was a little temporary strength in the wheat market when the CCC announced that metal bins in the Central States would be made available to producers to the extent that they were not needed for corn at a later time. We made further inquiries to discover that in the southern part of this state and in Indiana bins might be available, but only in cases of a surplus. The area where this is possible is primarily out of reach for the Chicago wheat market as freight rates make it more tributary to St. Louis. The farmer would still be responsible for the quality of wheat and there is some doubt whether producers will take advantage of the bins on a big scale. The market later broke again and was influenced by a sharp decline at Minneapolis. There were 930 cars of wheat in Kansas City, and after some firmness cash wheat premiums in that market eased a little. Flour trade is still very slow.

Corn was quite weak, and there were intimations that if farmers could get a little higher price for corn they might liquidate purchase agreements. While the premium market was fairly steady, the July delivery was weaker than the deferred months.

Beans were strong at one time, but also lost much of their advance.

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CHICAGO, 4 June 26, 1953.

A high agricultural official urged farmers in the soft winter wheat belt not to rush their wheat to market at a sacrifice of 30 to 60¢ per bu, and called upon them again to build temporary storage space to accommodate their grain until it could be properly housed. It was also stated that the government might very shortly establish a price support policy for emergency loans to farmers in the Mid-West, where grain storage facilities are short. It is hardly likely that loans will be made for wheat stored on the ground because of the high moisture content of soft winter wheat and the comparatively wet weather that prevails in that part of the country, but it strongly hinted that loans might be made on wheat held in temporary structures such as old chicken coops or crib runways --something with a roof over it. It is rather surprising in view of the sanitation program that the government should suggest the use of chicken coops, which by their very nature are never clean, but apparently every means is being considered to lessen the pressure during the post-harvest period.

A friend of ours, writing from England, points out that the Agricultural Department must feel completely anxious if as an emergency measure they now have to accept wheat on loan stored by farmers in the open. This, he said, hardly helps to sell the American mounting surpluses at world prices, which is one of the most cherished ambitions. The London Financial Times carries an article in its columns alluding to the possibility of bulk delivery if the price is right. We quote the article, as follows: "It is stated that Argentina might sell at a level the Ministry of Food considers realistic and that a deal of 100,000 or even 150,000 tons would not come as a great surprise. Before the war U. K. merchants bought substantial quantities of wheat on their own account as principals. Now, because of financing difficulties, the proportion of wheat purchased in this way is likely to be smaller and the millers, or perhaps initially the millers and the authorities, will have a heavy buying responsibility to bear." The British government announced today that they will dispose of 50% of their surplus stock-feed grains during August and September.

The first shipment of wheat that was given to Pakistan under the new pact left this country today and is part of the one million tons we have contributed to that Anti-Communist country, while the second shipment will follow within a week.

The House of Representatives passed and sent to the Senate a bill to set the acreage allotment for wheat at 66 million acres for the 1954 season. This changes the present law that could have set the acreage as low as 55 million acres. The Department of Agriculture had suggested a minimum of 62 million acres. The bill also reinstates a penalty of 45% of the parity price for marketings in excess of quotas.

There had been some wonderful rains reported overnight in the corn belt, chiefly in Ohio, Illinois, and Indiana. The moisture in the latter two states was probably the best in recent weeks and should prove beneficial for corn and oats. The five-day forecast is also optimistic in that temperatures will be near the normal and some fair rain is expected in Nebraska and northern Kansas. It will probably remain warm in west Texas but some thundershowers are likely. There will also be 1/2 to 1 inch rain in Iowa and Minnesota and 3/4 to 1 inch in Ohio. So apparently the dry spell has been broken in parts of the country.

Primary receipts of wheat were a little heavier and amounted to 4.8 million bu, which compared with 3.6 million bu last week and 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1 1/2 million bu. When the wheat visible supply is posted on Monday it will compare with an increase last year of 27 1/4 million bu.

The wheat market was again under pressure, and paid very little attention to the CCC announcement which we referred to earlier. However, there were some rallies owing to the fact that there was a better mill inquiry at Kansas City, with hedges covered. Receipts in that market were over 1,000 cars, and we expect the arrivals on Monday will be very large. Other markets like St. Louis should also have big receipts, and gradually the area of harvesting operations will broaden to our part of the country, which undoubtedly will have its market effect.

July corn was strong, but this did not have too much influence on the later months. July beans were also affected by the small stocks in Chicago and there was considerable buying and covering, but the deferred futures were more influenced by better weather reports. While hog prices continue to slump, lard futures strengthened on removal of hedges, and some of our friends who are well informed feel bullish on lard.

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CHICAGO, 4 June 29, 1953.

The Department of Agriculture points out some figures which indicate mounting supplies of wheat in the surplus countries. For the U.S., Canada, Argentina, and Australia there was 1,250 million bu available on June 1st for export and carryover, which was nearly twice as great as the supplies held last year by the same nation, which then amounted to 664 million bu, and a stock of 830 million bu two years ago. On the other side of the picture, we find exports of wheat and flour from the beginning of the season through May 31st totaled about 675 million bu compared with 742 million bu last season and 620 million bu the same period two years ago.

We doubt whether other countries have made the same technological advances that we have in agriculture, and we doubt whether the same increases will be likely in the years ahead, but, nevertheless, our crop production has been increased one-third in just twenty-five years. Farm production efficiency has more than doubled in the last fifty years. This rapid rate of progress stands as a challenge for the future, especially when it is realized that it will be more difficult to get such big production increases during the next quarter-century. For example, milk production per cow is 20% more than twenty-five years ago, and egg output per hen has gone up more than twice as much. The output per man-hour of labor in agriculture has been doubled in twenty-five years. What we are trying to say is that with increased population, surpluses may not pile up as rapidly as many now expect. We shall, of course, go forward, and much research work is still likely. As the drought menace has hit Texas, and to a lesser extent, Oklahoma, Kansas, Louisiana, etc., we have every reason to hope that somehow we shall build a better defense against drought and at the same time to meet more adequately the challenge of floods. It is probably safe to say that the lack of water is steadily becoming more and more a limiting factor in our agriculture and national progress. As Mr. Benson has just pointed out at Lubbock, we must improve our methods of using more effectively the rain which falls from the heavens. We must learn a great deal more about the inter-relations of soil, water, and crop production. We need a more aggresive endeavor to hold the rain on the land. In many areas we need to learn more about the potentialities of supplemental irrigation.

Late Friday, the Department of Agriculture confirmed that an emergency wheat price support loan would be extended to farmers in the red wheat districts. While no loans would be made on wheat stored in the open, they, nevertheless, offered help where facilities even of a temporary nature were available. Thus loans could later be converted into regular parity loans, provided suitable storage facilities were found. The farmer would be responsible for quality and quantity during the interim period.

This did not have much influence on our market this morning, and lower prices were witnessed. Rather heavy receipts of wheat were reported in the Southwest, including 2,667 cars in Kansas City, while St. Louis had about 906 cars, and even Chicago had a larger run of cars, although it will take a few weeks yet before the maximum movement is reached here. There was moderate rainfall over the Canadian provinces and our spring wheat belt, while very ample rains were reported over the corn belt, and there were some heavy rains over the southwestern areas, particularly Kansas, although Texas has not had much relief yet, although some light rains are in prospect. Canadian moisture for the provinces now stands at 110% of normal vs. 109% last week, and 107% last year, according to the Searle Grain Co.

We spoke last week of surpluses of feed grains in the U. K. Broomhall now tells us that the British government is getting out of the coarse grain market on August 1st and intends to sell its holdings to the trade at competitive prices. There is about 225,000 tons of feedstuffs involved.

The wheat visible increased 14.3 million bu, total stocks of 237.6 million bu compare with 128.6 million last year. There was very little change in Chicago stocks. The U S corn visible decreased 745,000 bu, while oats increased 117,000 bu.

Commercial demand for wheat was poor, nothing much being reported for export, and very little flour business over the weekend. However, there is some talk of a little smaller wheat acreage in Canada due to excessive moisture, and some fear expressed that the crop might be susceptible to rust later on. We had moderate rallies, but the close was slightly lower, while rye prices made a seasonal low. There was a little more barge corn worked to Chicago, and with the fine rains the yellow cereal was weak. Oats were also down, but the declines were fractional.

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CHICAGO MERCANTILE EX.

June 30, 1953

In the past whenever there had been a sharp decline in agricultural products, it has generally affected the whole economy of the country, although it did not always have an immediate influence. Yet it was felt that prosperity sprang from the soil, and that when farmers' purchasing power was lessened it finally meant that general business would at least partially be affected. We find at the present time that farm commodity prices have fallen 17% from their peak in 1951, while the general level of farm costs has dropped only 3% from the high established in 1952. While this is a serious problem insofar as the farmer is concerned, it does not necessarily mean that a better relationship will not follow if normal supply and demand factors are permitted to operate under a free economy, Wages and some prices are still on the rise, employment is at high levels, and of course the farmer is being hard hit in terms of income. The purchasing power of farm income has been falling off almost steadily since 1947, and last year it was lower than in any of the previous 10 years except 1950.

What has really happened is that our productive capacity is larger than our current needs; most of the increase has taken place since the outbreak of World War II. It is the result of rapid progress in farm mechanization and sharp increases in yields of crops and livestock due to wide-spread adoption of improved farming practices. We have expanded the use of fertilizer, and we have found higher yielding seed varieties, plus the fact that farmers have been spraying and dusting in order to control insects and diseases. There has been an improvement in the feeding of livestock, and in general better practices have been employed. Our total agricultural output, as we mentioned yesterday, was boosted at least one-third above pre-war levels, and for a time this was necessary to satisfy our wants. However, our exports are now at a rate about one-third below the 1951-52 level. Cotton, wheat, flour and tobacco have been hardest hit in this drop. For the first nine months of the 1952-53 season the value of our cotton exports was down 57% from a year ago, while wheat and flour shipments declined 32%, and tobacco exports were off 20%. Whatever the reason be, even granting increased production in foreign countries, it poses a problem. That being the case we believe the Secretary of Agriculture will have to exercise his power in calling for a referendum on acreage allotments.

There were some rather heavy rains reported in the San Antonio, Texas districts, but west Texas has not been relieved, although an unsettled map gives promise of some rainfall during the next 36 hours, which probably will visit various parts of the Southwest where it is still hot and humid; in fact, high temperatures are quite general over many parts of the country. The five-day forecast is not particularly optimistic for Kansas and Oklahoma, but the corn belt is apt to get more rain, and at the moment the outlook for the crop is highly satisfactory. In spite of this, the corn market was quite firm early, even when wheat prices declined. Wheat opened lower due to hedging pressure and continuation of the movement, although the demand is quite good, and southwestern mills are filling the space, taking advantage of the heavy receipts on the theory that later on impoundings will have more of an influence, and that they may not find it as easy to build up their stocks later in the crop year.

Primary receipts of wheat were 4.1 million bu, which was slightly more than last week, but 1 million bu less than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 523,000 bu.

The weekly government report by states showed rather optimistic conditions for growing crops, and rains during the week, or course, were a big help. During the session we heard that southwestern Oklahoma was getting a nice rain of about 1 1/2 inches, and may have extended also into Texas. The crushing report showed heavy processing during the month of May, but not much attention was paid to this for the reason that meal and oil stocks are still heavy. As a matter of fact, July beans were very weak and lost ground on the more deferred months, with considerable selling and liquidation during the session. Cash corn premiums were very strong, and this brought considerable local buying into the market, but best prices for corn did not hold, although there were reasonable advances. Wheat tried to rally in response to the corn strength, but there was no spirited buying, and moderate deliveries were made on July contracts. In rye, tenders were heavy, and there was also some lard put out, but no corn, which is logical as the cash market for that cereal remains strong.

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CHICAGO, 4 · July 1, 1953.

Today marks the beginning of a new crop-year, and it is also the start of the government's next fiscal year. In the one just completed our expenditures amounted to about $73 billion, which was a little more than had been anticipated and we ended with a deficit of $7 to $9 billion, with June tax collections, like those in March, less than expected.

We do not yet have the complete export figures for wheat, although for the first eleven months our shipments of wheat, flour, and macaroni amounted to 298 million bu compared with 443 million bu last year, and it looks as though the goal of 325 million bu will about be reached. Our exports of corn so far this season have amounted to nearly 109 million bu, 11.3 million bu sorghums, 32 million bu barley, and a negligible quantity of rye.

After the close of the market yesterday, the government issued a statement of parity prices for mid-June, and there was a reduction of 1¢ per bu for wheat, making the last figure $2.42 per bu compared with $2.45 a year ago. Ordinarily a drop of this kind would mean a lower loan to the farmer. However, on September 9, 1952, in accordance with what the government terms "forward buying" provision of the Agricultural Act of 1942, they came out with a guarantee of $ 2.21 a bu to farmers at a national average irrespective of what would happen to parity. However, it was stated at that time that any advance would be reflected in a higher loan to assure 90% of wheat parity, but in no event would the Department make the support lower than $2.21. Thus for the next twelve months farmers have the assurance of being able to get a higher loan than last season if storage space is available, and if their grain qualifies for the government support program. During the past month higher meat prices were the principal factors which raised food prices and this was due mainly to the advance in pork products. Fruit and vegetable prices were also up, but these upturns were offset by declines recorded by coffee, cereal, and dairy products. Consequently, the present parity scale is not only a cent lower for wheat, but also a cent lower for corn, the present level being $1.76 per bu. Rye, which is a non-basic commodity is 3¢ lower, oats about a cent lower, barley 2¢ lower, and sorghums the same. There was a 4¢ decline in the parity price of beans, and altogether we must conclude that during the past twelve months we have been in a somewhat deflationary period, although the present picture is somewhat mixed, as even now clothing prices are slightly higher than a year ago, while a good many building costs have declined, particularly metal materials, lumber, and masonry products.

The government has also announced terminal market price supports for Chicago, and central markets at $2.54 per bu; for Kansas City and Missouri River markets $2.50; Gulf ports, including Galveston, Houston, and New Orleans $2.65; Northwest markets, including Minneapolis and other points $2.53, and East Coast markets, comprising Albany, Baltimore, Norfolk, Philadelphia, and New York $2.63 per bu.

Primary receipts of wheat were 3.8 million bu compared with nearly 3 million bu last week and 4 3/4 million bu last year. Kansas City and Minneapolis stocks show a total increase of 1.2 million bu.

Trade was not overly active, but there was a fair amount of spreading in beans. With liquidation in July there were offsets by way of covering in the nearby future against sales of the deferred. This gave some strength to distant months, and since they are selling below the loan there was not much opposition. There were also some spreading orders in wheat-- buying July against September at 4 3/8¢, elevators apparently going over to the later month. Flour business continued small, but there are indications that there may be an improvement, and some business seems to be building up.

The weather map suggests that we shall probably have some moisture Northwest and Southwest, and also probably rains along the northern section of the corn belt.

Corn was quite strong, and the cash basis is well maintained. Oats also were in demand, and there is some investment buying, probably based on the theory that the hot weather may cause some setbacks to the crop.

The foreign crop news is mostly favorable. Moisture supplies are adequate to abundant. Weather in France is good for filling of the wheat kernel, but harvest is not expected until the latter part of July; a big crop is predicted. The outlook in Germany is also good, and no appreciable reduction from last year is expected.

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CHICAGO, 4

July 2, 1953

In addition to the appropriations that have been made to the drought-stricken areas, it is understood that the government will sell from its stocks to farmers in the distressed areas, with the proviso that any commodity will be used solely for feeding. We understand that wheat will be sold for $1.15 per bu., corn at $1.00, oats for 50¢, cottonseed meal $32.50 a ton, and cottonseed pellets at $35. a ton. There have been other similar occasions, and in fact, just last fall and winter through the emergency hay program administered by the Department of Agriculture, about 235,000 tons hay were shipped into Texas from the Middle West, with the government paying freight and handling charges. Relief of this kind is necessary in view of the terrible situation which has arisen. Some of the ranchers in the State of Texas are about out of feed, while others have virtually no pasture left. Many of these people have already liquidated cattle, while others are trying to keep their herds going largely on cottonseed meal and cake. In the vast drought-stricken area of Texas, comprising 128 counties and many nearby states, there are millions of cattle, sheep, and goats. Most of the cattle are foundation stock plus calves. It would be a calamity for the whole country if those foundation herds were forced into liquidation. Feed and water are needed, and apparently the government is fully cognizant of this situation.

For the longer run, however, these recurring droughts in some areas must be dealt with in a different manner, and we have recently called attention in these letters to more effective water conservation and water control being sought. There are many areas that are semi-arid, and when long periods persist without any rain, the suffering grows beyond belief. The great battle to find water is an old story and some of the pioneers and cattlemen drilled deep wells provided with windmills for watering cattle, although today there are probably more modern methods which could be applied.

There had been some rains in the corn belt and more are likely. There is also apt to be some precipitation in northeastern Kansas and eastern Nebraska but still not much relief for other southwestern areas, while in the spring wheat states it will probably be fair. There were some wheat futures purchased early this morning that may have been against flour trade, and at the same time Chicago elevators and mills did not buy much red wheat, probably due to general rains in this area.

Our wheat and flour shipments for the week were 3.3 million bu., which brings the total to 323 million bu. from July 1st to June 27th. This compares with 472 million bu. a year ago, but the early guesses for total clearances of 325 million bu. were about in line with reality. Since October 1st, we have shipped 26 3/4 million bu. beans against 14 1/4 million bu. last year, and our corn exports are running way ahead of last season. Both of these factors have been a sustaining influence in markets at times.

Primary receipts of wheat were only 5 million bu compared with 4.1 million bu last week and 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1.9 millionbu.

We had great strength in wheat, with outside markets showing as much or greater advances than we, and apparently there was considerable flour business. Oats were also very firm, but rye and beans were indifferent, and it seems that the government is willing to sell some of its cash beans to those who will crush them.

There are not many beans owned by Commodity in this state, probably 50,000 bu in scattered localities. We understand in the Northwest they hold nearly 2 million bu, and any beans thus purchased by industries would replace commercial supplies, so that in effect it was considered as a somewhat bearish procedure. With more rain forecast for the Central States, the wheat movement to Chicago may be delayed, and this is givng us a very firm market.

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CHICAGO, 4

July 3, 1953

The trade was furnished with a private report estimating the winter wheat crop at 794 million bu, the spring wheat crop at approximately 368 million bu, making a total of 1,162 million bu. The carryover on July 1st of this year was estimated at 580 million bu. Using the private forecast, this would give us total supplies for the new-crop season of 1,742 million bu. Our domestic consumption for this crop year, unless there is an enlargement in the feeding of wheat, should not exceed 700 million bu, and unless the aid program to needy countries should be greatly enlarged, we will be fortunate to reach export sales of 300 million bu. It appears from present figures that on June 30th, 1954, we should add to our carryover approximately 160 to 165 million bu, which would be an all-time high, and which would be sufficient to more than cover a year's domestic requirements in this country. Apparently condition in the red wheat areas of Ohio, Indiana, Illinois and Michigan has been fully maintained, and the private estimate places the crop in the four states at almost 194 million bu compared with the government report on June 1st of approximately 187 million bu. The same private source places the corn estimate, based on present conditions, at 3,138 million bu on an acreage reduction of about 1 million acres. However, reports that we are receiving show a very promising condition for the new corn crop, and in many areas growth of corn is probably a week to ten days ahead of normal.' Weather conditions will, of course, be the dominant factor as to the final yield.

Dr. W. P. Garrigus, of the University of Kentucky, points out that the multi-billion dollar livestock industry holds a dominating position in the agricultural economy of the U.S. Quoting the Doctor: "It supplies the people of our nation with one-half of their protein, one-third of their energy, and eight-tenths of their fat. In so doing, it utilizes nearly all of our hay and pasture forage, 90% of our corn, barley, oats and grain sorghums, and about 40% of our wheat." It is pointed out by other statisticians that whether boom times or depression rule the economy, livestock and livestock products furnish a large percentage of the U.S. total cash farm income. The average percentage of cash receipts from marketings in the five-year period from 1948 to 1952 from livestock and livestock products was 56.8% and in the depression years, 1931-35, it averaged practically the same percentage. Medical research has proved that protein is included in at least adequate amounts in the diet under all conditions of stress, and is effective in restoring nutritional health needed to combat many other diseases. Clinical evidence has shown that to meet protein needs of the body liberal amounts of meat must be included, as that source is superior in quality and the content is concentrated. It would take several servings of most protein foods to supply as much as is found in an average serving of meat, and the nutritionists agree that there just isn't another food at any price that will do what meat does, and that goes whether one is sick or well.

Moderate trade in wheat futures the past day or two may be attributed to the lack of new crop wheat offerings to this market. While there is no definite assurance that producers will be free sellers when the wheat dries sufficiently from the recent rains so that it may be combined, the predominent feeling of those who have handled the grain in this market for years, is that there will be the usual free selling when the wheat is combined. Some additional preparations apparently are being made to store wheat in permanent structures on farms, with repairs being currently made, and some metal bins being purchased for the storage of wheat. However, inasmuch as the crop is 24 million bu larger than last year in the four important soft wheat states, these structures may not any more than take care of the quantity produced over last year. It is more hazardous to store soft red wheat than other classes of wheat, and as the current harvesting delay has been on account of heavy rains, the crop is likely to be higher in moisture than some of the early arrivals to this market, thus making it less adaptable to storage.

Kansas City and Minneapolis wheat stocks have increased about 2 1/2 million bu this week, indicating an enlargement of the visible supply, but doubt if it will be as much as last year when the increase was 26 1/4 million bu. Primary receipts of wheat are showing an upward trend, and were 5,312,000 bu today compared with 4,816,000 bu a week ago, corresponding day last year was a holiday.

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CHICAGO, 4 July 6, 1953.

From a statistical point of view there are not likely to be many changes with respect to the supply side of the wheat picture inasmuch as our carryover reserve is pretty well established, alt hough the final figure will not be given to the trade until about July 24th. However, it is expected that 580 million bu. of wheat will be on hand, which would be the third largest carryover in history, exceeded only in 1942 and again in 1943. As for crops, winter wheat is practically made, although some delays in the movement have been occasioned by virtue of the fact that there have been very heavy rains again over the Central States, but this is not likely to affect the quantity of the grain, although it may cause more of the wet wheat to be sold than would otherwise be the case. As for spring wheat, there is still some danger of rust, although recently weather has been extremely good, and many of our friends in the Northwest are less apprehensive now than they were 10 days or two weeks ago as to prospective damage. Should the final yield of winter and spring wheat turn out about in line with Galvin's report on Friday, it would give us a total wheat supply of 1,742 million bu., which is more than we ever had at any previous period. It is this situation, plus the larger reserves of corn, which is creating some storage problems, although the government probably will add about 50 million bu, to the already large capacity which it has, and may be able to care for about 600 million bu. of grain. As far as wheat in the Southwest is concerned, the peak has about been reached, and no serious problems have arisen, although it remains to be seen how much wheat can be stored in the red wheat district. There may possibly be a few distortions for the next few weeks, but on the whole the problem is not at all serious, taking into account the bountiful crops that have been raised. Should we get several days of clear weather, red wheat will probably move more heavily, and as just stated, wet wheat, which does not store as well as dry whea may be sold on the market; therefore, less may go into the loan.

For that reason we had somewhat lower prices at the opening this morning, although there was not much pressure from the country, and, indeed, the millers in the Southwest have been quite aggressive in acquiring supplies, which is only natural as it is realized that in a few weeks there may be quite a tightening in cash wheat premiums.

In Canada the movement of grain continues to establish new records. There are still very appreciable quantities of grain on hand which will have to be delivered to country elevators before the new crop is harvested. The last survey showed that as of June 26th there were 242 million bu of all grains still to be marketed, of which the greatest part was wheat, although there was 53 million bu of oats, 42 million bu of barley, and 4 million bu rye still to come forward. Terminal and country elevators will undoubtedly be filled to working capacity, which may mean that the movement of the new crop will be restricted by low delivery quotas. By the same token, the Wheat Board is maintaining strict control of shipments.

According to Washington advices the recent wheat gift to Pakistan has not worked out according to early promise. Our government officials would like to compel the Pakistan government to accept heavy receipts of soft red wheat, whereas Pakistan representatives are insisting on soft white wheat, or hard winter varieties. No final decision on this question has yet been reached.

There was some nice moisture in southern Alberta over the week-end, and fo the Provinces the overall moisture is now 113% of normal compared with 110% last week, and 107% a year ago.

The visible supply was late in being posted. The Chicago wheat stocks increased 446,000 bu, now totaling 5.3 million bu. There was a small decrease in corn about offset by oats, and taking these cereals, together with the rye, including bonded stocks, and beans, there is about 14 million bu of all grains in Chicago.

Our wheat market was firm at times, and the cash basis in the Southwest has not only held up but has advanced during the past week when receipts were big, all indicating that even with only moderate flour business over the week-end, there has been good absorption of the wheat moving into terminal markets. The export demand is rather slow, but of course foreigners appreciate that North American supplies are heavy, and there is no rush to buy. There will be a meeting soon to deci whether or not imports of oats, barley, and rye from Canada should continue on an unrestricted basis. Crop reports are very favorable for both beans and corn, but some complaints are heard that the oat crop in the drought areas has deteriorated.

General activity in today's market was on a lighter scale.

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CHICAGO, 4

July 7, 1953

The ~~market~~ government announced a package plan for cottonseed by-products, similar to the one in effect during the last two years. The price was about in line with expectations; therefore, it did not have much influence marketwise. As Secretary Benson has pointed out, it is somewhat ironical that the cottonseed industry which fought so hard for the expansion of markets for vegetable oils should find itself priced out of these markets by a government program. The government has enough cottonseed oil on hand to manufacture well over 1 billion pounds of margarine, and they have enough oil to make five times as much margarine as we have butter. Much has been heard about the butter buying program, and the 230 million pounds of butter presently owned by CCC, but little has been said about the possible deterioration and spoilage of oil products in some areas, which may result in heavy losses before final disposition can be made.

For the past several years both cottonseed and soybeans were supported at 90% of parity. Adjustments took place in the relative prices of cottonseed and soybean products, and the result was that only a small quantity of soybeans went into the loan, but the government ended with an inventory of cottonseed products amounting to almost half of the entire 1952 crop. The CCC's investment in cottonseed products now totals almost one-quarter of a billion dollars.

Before our market opened this morning there was not much to guide it. There had been a few showers reported in the Southwest, but these were mainly in the southeastern part of Kansas, with Coffeyville reporting 1 1/2 inches of rain. The outlook, however, is for rather general showers southwest, and they may even penetrate into western Texas, where it has been extremely dry. Not much precipitation is looked for in the corn belt, although there could be some rains in the Northwest, where moisture is not needed momentarily. The crop in the spring wheat area is making good headway, and early grain is starting to head in most northern districts. According to the Peavey report, the stand and color of grain is good, and while stem rust may be detected in practically every field, no important black rust damage is anticipated, and recent weather has been ideal to check the spread of this disease.

According to the Agricultural Agent of the Great Northern Railway Co., the biggest hay crop the Northwest has ever had is now in prospect. He claims all that is needed is hot, dry weather during the next two or three weeks. There is excess moisture in the Fargo-Moorehead area, and some damage to crops is expected, but over most of the Valley the outlook is extremely good.

One of our friends in Minneapolis told us there was only one day last week when temperatures got in the 80's, while the balance of the time more moderate weather prevailed in the spring wheat districts. It now is becoming more evident that the shower of rust spores which occurred early in June was very light, and did not go farther north than Fargo, at least to any extent. There is still some fears of rust, especially in northcentral North Dakota where most of the crop is late, but it looks as though the bulk of the crop should still escape anything of a serious nature.

Primary receipts of wheat were 4.6 million bu vs 4.1 million last week, and 7.5 million lastyear. Kansas City and Minneapolis stocks so far this week show a total increase of 1.1 million bu. The wheat visible supply, which was late in being posted yesterday, showed a 14 million bu increase, with stocks in all positions 251.7 million bu, which is 96.7 million bu more than we had on hand last season.

Due to the fact that there was no pressure on our market, and with only 87 cars of wheat in Chicago, some traders were of the opinion that with the movement interrupted there would be no serious selling later on, and there was considerable local buying, but also some mill buying, which gave us considerable strength.

After mid-session there was a report that the government was considering a gift of surplus foodstuffs to East Germany in an effort to make friends in that Iron Curtain area. This also brought some buying and short covering into the market, with the result that the close was considerably higher. The wheat strength finally had some influence on other cereals, although early nothing much was affected except rye. Flour sales were reported as being moderately larger, but business is far from active. The State Reports were quite optimistic with respect tocorn. In Illinois, the crop averages 3 1/2 feet tall, which is better than usual for this date. Soybeans are blooming and continue in excellent condition. In Iowa, weather has been ideal for rapid growth of corn, with 85% of the crop laid by

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CHICAGO, 4 July 8, 1953.

During the first six months of 1953 there had been 3 1/2 million more cattle and calves moved to slaughter than at the same time last year. Part of this had been due to unsatisfactory price level, but also the drought in the Southwest has had a hand in these events, especially where water was no longer available. Unfortunate farmers and livestock men in the drought areas were forced to sell cattle. This, however, does not apply to farmers with good pastures and lots of hay and feed. Secretary Benson believes that a thorough study of the situation should be made before sacrificing cattle on the present distressed market. Rains, together with good falland winter pastures may bring a reverse inthe present situation, according to the Secretary. He called attention to the fact that markets are already responding tomeasures being undertaken by the government to bring relief to the drought-striken areas and to cattlemen in general. He also stated that in the past when the cattle industry began to sell off its large inventory it went too far, and he would not like to see this happen again in the mistaken belief that supplies of beef are limitless, and the price outlook hopeless.

When our market opened this morning it was influenced by several factors. First of all, the amount of wheat tributary to Chicago is being affected by the recent heavy rains, and the moisture content of the grain is running as high as 14 to 16% in Indiana, so that farmers in most cases are leaving their wheat stand in the fields in the hope that it will dry out. This, of course, lessens the immediate selling, but by the same token it may mean that a larger percentage of wheat will have to be sold because the keeping quality has been reduced. However, there is still some chance of rain in parts of the red wheat districts, and thus, we may have to wait until the selling takes place. There had been a prospect for good moisture in parts of the Southwest, but whatever showers occurred were rather light, and particularly so in the Texas Panhandle where it has been extremely dry now for months. The Weather Bureau spoke of a few scattered showers on the South Plains during the night, but they were too light to be of much importance. The forecast, however, is for some scattered showers tonight. The heaviest rain was at Groom, Texas, which had nearly 1 inch of moisture, but elsewhere the amounts were hardly more than a trace. It was likewise mostly clear over the Northwest, but one or two points in Kansas had rain, notably Norton, which is in the western part of the state.

An important discovery has been made by the Department of Agricultue through its Research Administration. They found by adding 3% yeast or oat flour to candies which contain dairy butter that the keeping qualitywould be enhanced threefold, and particularly so during periods of hot weather. This will have great commercial value to the nation-wide candy industry, but is not too important in the additional consumption of grain. It has been shown that rancidity may be greatly retarded by adding either brewers' yeast or special oat flour near the end of preparing a quantity of candy containing butter. Heretofore, unprotected candies became rancid in two or three weeks, but through this technique candy may be held in condition for 16 to 19 weeks when stored at 86 degrees fahrenheit.

Primary receipts of wheat today amounted to 4.7 million bu compared with 3.8 million bu last week, and 5.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,785,000 bu.

While there was a little hesitancy right after the opening, markets turned strong, and even corn, which was indifferent yesterday, advanced, probably due to the fact that there was a better export trade, with sales presumably made to Ireland and to France. Broomhall's Foreign Crop Summary was not quite as optimistic. It seems there have been moderate to heavy rains all over Europe during the past week, and a period of clear weather would be very welcome now in practically all countries for harvesting and maturing of crops. Damage from storms has resulted in some areas, although no appreciable change in the overall grain outlook is indicated.

Here at home, there was some milling business, and Minneapolis futures were considerably stronger than we were, with their July advancing at one time more than 4¢ per bu. This attracted attention here, and with not much pressure from the country, in fact with only 97 cars of wheat in Chicago, the elevators have not been able to buy much red wheat, but some of them are encouraged that this situation may change if we have a period of dry weather. Cash wheat premiums in the Southwest are strong, even with 830 cars received inthat market. The basis is up 7 1/2 to 8¢ from the low point a week or ten days ago. Beans were firm, but there was not much feature. Oats advanced also, but rye was reactinnary.

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CHICAGO, 4 July 9, 1953.

The Communists might easily have used President Rhee's arbitrary action in freeing war prisoners as an excuse for not continuing truce negotiations, but the fact of the matter is there has been a sudden resumption. It seems pretty generally confirmed that a food shortage in half of the Provinces of China proper is now adadmitted, and is probably the principal reason that China is anxious for this Armistice. If thisis correct, and we finally get the long-sought peace one must also consider what effect it will have with respect to the demand for food products. Historically, war has generally meant greater waste and heavier usage, not only in feeding our own soldiers but in helping our allies, while during peace time the demand tends to become more normal, and people are choosy about their food, so that they do not necessarily want the kinds that their governments are paying farmers to produce, or at any rate not necessarily paying prices which the governments are guaranteeing to farmers. We believe that as long as we have a prosperous era there will be a greater demand for meat, fresh vegetables, and some of the luxury foods rather than for bread and flour. On theother hand, half the people of the world live in Asia, and they cannot afford to be as fussy about their diets as we Americans. Eight persons out of ten are peasants, few of them farm as much as 4 acres, and the abject poverty in those countries is beyond belief. Chances are there will be more avenues open for the sale or eventhe gift of our surplus foods when the proper time arrives.

Before our market opened this morning there was not much to guide it, but receipts of wheat in Chicago were somewhat heavier --254 cars having been estimated in today's run. The country also indicates that with better weather now prevailing the selling should enlarge, and we find that the Chicago elevator interests are quite optimistic that despite the large quantity of vacant space they have in this market, there will not be much difficulty in filling up. As a result there was a little profit-taking, accompanied by some hedging, which found the market not as well supported as recently. Many of those who had been short have reversed their position, and are now long, probably influenced by the strength in the southwest cash markets, and the fact that the movement there was absorbed without any trouble whatsoever.

The government reported that it had contracted to buy 15,070 bins to hold about 89 million bu of surplus grain. These, of course, are intended to take care of this year's harvest of both corn and wheat. The bins will be shipped within the next 60 days to Illinois, Iowa, Kansas, Michigan, Minnesota, Nebraska, South Dakota, and Wisconsin. It is a somewhat more energetic program than had been planned, as originally it was figured that only 50 million bu of such space would be added to the government's already large storage.

Wheat and flour shipments for the first week of the season were estimated by Broomhall at only slightly over 1 million bu compared with 2.4 million bu last year. Total world shipments since the beginning of the world crop season --August 1st -- amounted to 792 million bu against 916 million bu a year ago. The reduction, ofcourse, being largely due to better crops abroad. Corn exports from this country were quite heavy last week, amounting to 2.3 million bu; the total since October 1st is 107 million bu, while a year ago we shipped only 64 million bu. Our total bean exports are 27 million bu vs 14 million bu last season.

Primary receipts of wheat were 4.7 million bu, which was slightly less than last week, and compared with 6.4 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2 1/2 million bu.

Markets were inclined to be a little easier today, with the exception of oats, and they held comparatively well. There was some fairly good rainfall in portions of Kansas and Nebraska, but mostly fair elsewhere. However, some points in Texas had rain, but it was scattered, and not much in the important sections of the Panhandle. While rust is still a menace to the spring wheat crop, a party who just returned from a trip through the Red River Valley said he could not find enough disease worthy of mention, and that generally speaking crops were beautiful, and recent weather has beenperfect. Flour demand slackened after the recent spurt

Reports from Canada were also highly favorable with respect to growing conditions. The Saskatchewan Pool gives the conditionof wheat at 154% vs 160 last year. Corn premiums held pretty well. The corn-hog ratio declined slightly for the week to 15.9, but still compares with 11.6 a year ago.

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CHICAGO, 4 July 10, 1953.

While there has been a declining tendency for commodities in general, there are still some exceptions, and this morning the top price for hogs in Chicago was quoted at 27.50, which was the best level since October 1, 1948. Under these conditions it is reasonable to suppose that feeding operations will be heavy again, and we have gotten to the point where a crop of 3 billion bu is almost a necessity in order to maintain our living standards and to give the people sufficient meat for their diet under a prosperous economy.

After the close of the market this afternoon the government will issue the June estimates, including a figure for corn. While some deterioration may have occurred in the fringe states where drought has persisted, one could hardly expect finer weather in the important areas of the corn belt, so that big yields are expected in Iowa, Illinois and Indiana, which will probably offset some of the damage which has been sustained elsewhere. Due to the fact that the loan was in many instances about 16¢ better than the market very heavy quantities of corn have been impounded, and 415 million bu is reported under support fromthe1952 crop, which compares with only 26 million bu last season, and a high record of 551 million bu in 1948. It thus shows that farmers are watching prices very carefully, and taking advantage of the government's benevolence when it is to their advantage. At the same time a reseal program has also been established to enable farmers to obtain a one year's extension of loans, and also to convert Purchase Agreement corn loans for the extended period. These will carry through July 31, 1954, or earlier on demand by the CCC. For the full reseal period, the storage payment will be 13¢ per bu. The largest amounts which have been impounded were 170 million bu for Iowa, 76.7 million bu for Illinois, 55.2 million for Nebraska, 40.4 million for Minnesota, but only 18.7 million in Indiana. The price support availability ended the last of May, and the figures that were just issued show loans disbursed by the CCC through June 15th. There could be minor adjustments still to come, but in any case the 415 million bu total impounded, plus 231 million bu which the government owned previously makes a grand total of 646 million bu, which has been taken out of commercial channels.

The program would undoubtedly be more effective were it not for the fact that the CCC has been selling some of its holdings, and will no doubt continue to do so, probably enlarging the scope of its transactions after the wheat movement subsides.

The overnight weather was clear and mostly cool over the Central States, and we believe that as a result marketings will increase now, and should be quite heavy for the Chicago district during the next two weeks. Farmers apparently are selling their moist wheat, but holding back on the drier varieties, which is only natural. Chicago wheat receipts this morning were 184 cars, but on Monday the arrivals here are apt to be quite heavy. There were 605 cars of wheat at Kansas City compared with 739 a year ago.

For the first time in several days some export business was reported -- Holland having been the buyer of a cargo of hard winters shipment via the Gulf during the first half of August.

There was a rather general hedging trade at the opening, although not much pressure from the Southwest where the movement has been absorbed in a most orderly fashion, with sharp advances inpremiums during the past two weeks. The Southwest rains were rather disappointing, although a few more are in prospect.

Primary receipts of 4 1/4 Million bu. of wheat compared with 5.3 million bu last week, and a little over 6 million bu. last year. Kansas City and Minneapolis stocks so far this week show a total increase of 3.3 million bu. When the visible supply is posted on Monday it will compare with a huge increase a year ago of 32 1/2 million bu.

Markets were weak, and there was a little more commercial business in the country. Ohio dealers sold freely, and we understand that the price was 20¢ under Chicago July, but this wheat apparently was not destined for Chicago. Nevertheless, there were some Indiana offerings for shipment here, but our basis improved about 1¢ per bu. Flour business was extremely light, and bakers are still not entering the market on an important scale.

Corn and oats held comparatively well, the cash basis on corn was somewhat lower. Beans were quite weak, and the crop outlook is still extremely good.

President Rhee seemed a little more conciliatory in his action, but to go along on the truce it seems that we have to make substantial grants for both the economic and military protection of that country.

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CHICAGO, 4 July 13, 1953.

After the close of the market on Friday the Crop Reporting Board gave its views and figures on crop production based on the July 1st outlook. The total volume of all crops, despite drought and hot weather, is now indicated at about 130% of the 1923-32 average. If realized, this would be exceeded only by the crops in 1948 and last year's crop, which is certainly a fine record as many of the southwestern states had experienced extreme adverse weather conditions. In a large portion of the central and southern Great Plains regions pasture feed and water for livestock, as well as damaging prospects for late growing crops, prevailed, but elsewhere in the country conditions were so good that the bad areas were balanced off. Feed grain products, which is a major factor in the all crop volume, is now second largest for corn, with a prospect of 3,337 million bu, and besides this the amount of corn on farms is about 400 million bu larger than last year, so it looks as though the carryover reserve one year hence will be well over 1 billion bu.

The oat crop also turned out better than had been expected, and the outlook is for a yield of 1,318 million bu compared with 1,268 million bu last season, and a ten-year average of 1,324 million bu.

Wheat production is somewhat better than had been anticipated earlier, and it looks as though the total winter and spring wheat crops would reach a figure of 1,174 million bu, which is an increase of 42 million bu from the previous month, and compares with the ten-year average production in this country of 1,088 million bu. Despite poor weather in Kansas, they are now estimating a yield for that state of 131 million bu, 66 million bu for Oklahoma, but only 22 million for Texas. Crops in the Central States are turning out exceptionally well, and Illinois has a prospect of 51 million bu, Indiana 42 million, Michigan 39 million, Ohio 63 million and Pennsylvania 20 million bu, or a total for these five states of 215 million bu. It has been figured for some time that the red wheat might again cause depression to markets, particularly in Chicago unless farmers change their tactics and impound a larger percentage of their crop. Judging rom reports in the country, however, a good amount of wheat is coming forward, and we had over 1,000 cars in Chicago this morning, with offerings from the country somewhat heavier, and apparently the change in weather has now permitted resumption of harvesting operations. Therefore, accumulations in this part of the country probably will continue for the next two weeks.

A surprise to the trade also was the fact that there are 15 million bu more beans on farms than a year ago, and this includes 4.6 million bu in Illinois, which is an increase of 3 million bu over last year. Iowa has about 5 million bu more, Indiana 3 million more, and Ohio 1 1/2 million bu more. The bean market, in sympathy with other grains and because of the large quantity still held back, showed a declining tendency, with the opening quite weak.

When the visible supply of wheat was posted there was an increase of 16.2 million bu, and total stocks in all positions are nearly 268 million bu compared with 187.5 million bu last year. The corn visible decreased nearly 1 1/2 million bu, leaving 12 million bu in the various markets, or only half as much as we had last season. Oat stocks showed a small decrease, leaving 11.3 million bu at all points versus 19.1 million a year ago. At Chicago wheat stocks increased 1 3/4 million bu to a total of 7 million bu. Chicago corn stocks are 2.4 million bu, oat stocks are 2.3 million bu, and total rye stocks, including the amount in bond, is 3.3 million bu. There was a small increase in beans locally, but still only 537,000 bu here.

The market was influenced by the bearish government report, and also by extensive rains in the Southwest, although many parts of the Texas Panhandle are still unrelieved. Apparently some people figured that with the tremendous discounts under the loan that wheat might finally do better, and there was some support which gave us quite a rally from the early depression. Flour business over the weekend was extremely dull, and the higher crop estimates on wheat discouraged buyers. Corn was quite weak, with over 500 cars received at Chicago today, but that commodity also recovered a little from the early break. The oat market was weaker, although the Tariff Commission is considering the restriction of imports of Canadian oats to not over 23 million bu for a crop year. This might bring some repercussions from Canada, and retaliation may take place in the form of cheaper offerings of Class 2 wheat from that country, or they may even curtail some of their purchases in the United States. Nevertheless, it is a possible market factor.

UHLMANN GRAIN CO.

5282

July 13, 1932

Near the close of the [illegible] the Crop Reporting Board [illegible] on [illegible] compared with July 1st [illegible] as now indicated [illegible] only by the crops in [illegible] in many of the [illegible] conditions. In a large [illegible] and southern [illegible] pasture feed and water for livestock as well [illegible] respectively [illegible] conditions were so good that [illegible] crop volume [illegible]

[illegible] million [illegible]

[illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 July 14, 1953.

It looks very much like a compromise between Senate and House for acreage allocations to be set at 62 million acres for the 1954 crop. Fast action is needed in order that the Secretary can call for a referendum upon farmers, otherwise, it is figured that the law would require a setback to 55 million acres, or a 30% cut. It is not very likely that any of our legislators would be in favor of anything that drastic. On the theory that 62 million acres are planted next season for both winter and spring wheat it would compare with the actual harvested acreage this season of 67,225,000 acres. If we assume that the abandonment would be only 10% next year, we might have a standing acreage of 55.8 million acres, and if we apply the ten-year average yield of 17.1 bu per acre, we might only have a crop next season of 954 million bu. Even if we raise 17.5 bu per harvested acre, as we did this season, it would give us only a crop of 976 million bu. Therefore, it is safe to say that the trend is definitely toward smaller production.

We believe that this, plus hot weather in our Northwest, which brings up the possibility of rust hazards caused some buying, and opening prices were very firm. At the same time we must not lose sight of the fact that red wheat is still a problem all by itself. The six states which produce soft red winter wheat, including Illinois, Indiana, Michigan, Ohio, Pennsylvania, and Missouri, had a crop of 251 million bu, according to Friday's government report. This is 36 million bu more than was raised last season, and it would seem that even though we may have fair export outlets the demand for red wheat is only nominal. In theseason just closed, our total shipments of red wheat were less than 39 million bu, and practically all of it was cleared via the Atlantic. Even if we repeat the same amount of export business in the 12 months ahead, it would still leave us with a very large reserve of soft wheat, although we recognize that heavier quantities could be impounded; in fact, the movement is already somewhat disappointing, and no doubt we have seen peak shipments from the country. It is only natural that farmers should hold on more tenaciously than in other years, owing to the fact that prices are so far below the loan level. Elevator interests have expressed some disappointment that country offerings were not larger. It now looks as though Chicago elevator space will not fill up too rapidly, although if the price advances country selling undoubtedly would increase.

Broomhall's comments from Europe were less optimistic. There were further rains in a number of European countries, and a period of warmth and sunshine is needed to bring crops to maturity and to facilitate harvesting. The overall outlook is probably somewhat less favorable than it was a few weeks ago. More pessimism is expressed in Italy, and the wheat crop there will fall short of earlier indications. At the same time storms have taken some toll of crops in France, although there has been no confirmation of any serious damage to wheat, which is still estimated to be close to last year's large harvest. Moisture has been beneficial for corn and other late crops.

Primary receipts of wheat were a little over 5 million bu today compared with 4.6 million bu last week, and 6.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of about 1 million bu.

Markets were mixed, and while there was liquidation in July beans, which influenced to some extent corn and oats, we did, nevertheless, have a strong market in wheat. Attention for the next ten days will be directed toward weather and temperatures in the Northwest. During the past week everything was favorable for the growing crop, and it would be our guess that the government has already taken into account prospective damage that might occur fromrust, because they only indicated a yield of about 17 bushels per acre for the Northwest, but unless there is actual damage we might finally get a better crop than that.

A cargo of red wheat was sold to Holland, but no attention paid to this news, as recent export business has been on the light side. The Southwestern Miller reports sizeable quantities of soft wheat flour, mostly the cracker and cooky type, have been sold by mills in the Central States, but there is not much improvement for hard winter flour, while spring wheat business is almost at a standstill.

The full advances in wheat were not maintained, as it is still early in the season, and we are bound to get some pressure fromthe country, even though the peak of the movement in the Central States may be over. July corn was rather weak in comparison with the deferred months, and the trade was heavy.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 15, 1953.

Late yesterday the Dominion Laboratory of Canada identified the Manitoba rust as Race 15B. To those not acquainted with this term, this is the type of rust which is the most serious, and often the most damaging, but its spread depends a great deal upon the kind of weather that we receive from this time onward. While it is rather warm in our Northwest and in Canada today, the forecast is for a considerable drop in temperatures and scattered showers; some have already fallen in Alberta and Montana, so that the rust which is a menace may not necessarily spread and cause a real disaster, which on several occasions has been the case.

Our market opened very strong this morning, probably due to the fact that hedges were covered against sales of flour, and it was claimed that about 4 to 5 million sacks had been sold, so the demand for futures was exceedingly heavy. In terms of wheat, this may have meant anywhere from 10 to 12 million bu, and is certainly a sizeable quantity. Naturally, such buying could only be accomplished at a considerable price advance, but the market performed well, and during the first ten or fifteen minutes of trade those seeking protection were able to get it.

Chicago elevators and local mills bought very little wheat overnight in the country, and we understood that an Ohio mill had increased its bid 2 1/2¢ overnight, so there is not the same complacency as we had a year ago when farmers offered their wheat so freely. With the tremendous crops that have been raised in this part of the country, some had expected a repetition this season.

It is really fortunate that crop production has turned out so well when it is considered that this is the fourth consecutive year of severe drought in Texas, and some of the neighboring states. It is difficult to describe conditions, which in that part of the country are so appalling, and certainly the distress of many farm families is beyond belief. There are about 300 counties in Texas, Oklahoma, New Mexico, California, and Kansas which have already been declared disaster areas. Farmers and ranchers in those sections have been made eligible for special government aid in the form of emergency crop and feed supplies. The government-held feed stocks are being offered to people in those areas at reduced prices. In fact, hundreds of cars of corn, oats, and wheat, and thousands of tons of cottonseed meal, and pellets have already been shipped into the disaster area. We must never forget that from an agricultural point of view this is a big country, and most of us in the Mid-West little appreciate, in fact relatively few people in this country realize that in the far West farming is one of the most important occupations. For example, California last year reached an all-time high in cash farm income --a figure of two billion, 800 million dollars. While not so important in wheat, California produces commercially more than 200 different agricultural commodities, but their produce is truly amazing when one considers the beef, poultry, milk, many kinds of vegetables, lumber and its products, cotton, corn, nuts, and small grains, not to speak of the many types of fruits that are grown there.

Primary receipts of wheat amounted to 4.3 million bu, and this compared with 4.7 million bu last week and 5.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,738,000 bu.

The market, as we mentioned, was strong right from the start insofar as wheat was concerned. On minor reactions it seemed that more hedges were covered, and the close was quite strong. This, however, did not seem to affect other grains to any great extent. July corn was weak, and with the open interest in the July futures still 9 1/2 million bu locals apparently were aggressive on the selling side, and there was considerable weakness. This naturally influenced the deferred months also. The September delivery made a season's low, but later recovered. July beans which had been very weak came in for more attention, and the open interest is still very big, but shorts were a little more on the defensive owing to the fact that one of the export houses in Chicago took delivery of some beans and may ship them out of this market. CCC may not liquidate its holdings below the support level.

Cattle prices were very strong, and the market in Chicago sold at $31.00, which was an advance of $3.25 from yesterday's high. This came on top of the previous bulge, so that the total gain has been quite sensational.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 16, 1953.

It is estimated by the Bureau of Agricultural Economics that our domestic disappearance of wheat this season will amount to about 690 million bu. Of this quantity 500 million bu will be needed by our civilian and military people for food uses, including the amounts required by U.S. territories. In other words, with only 500 million bu ground for flour or used for cereal purposes out of a total supply of 1,760 million bu this is not very large, and indeed it cannot make too much difference in the final analysis whether bakers and other users buy their supplies during a period of two months or whether the business is spread evenly over a twelve-month period, except that when hedge buying comes into the market it temporarily has an influence, as was the case yesterday.

In the long run, however, price is not much of an element, and we doubt whether flour consumption would increase much even if there were sharp declines, as our population uses about the same amount of bread each year, although some increases naturally occur as the population grows. The trade felt that yesterday's heavy purchases had taken care of immediate requirements, and, therefore, it was natural that some recessions took place, particularly since there was not much additional buying from trade sources.

On July 1st of this year the Secretary of Agriculture proclaimed wheat quotas, and at that time the total supply of wheat for 1953-54 was indicated at a record of 1,717 million bu, which exceeded the normal supply of 1,156 million bu by 48%. Mandatory action is required when the total supply exceeds the normal by more than 20%. Since that time we have had increases in crop production, and according to the last government figure we may raise 1,175 million bu. This together with a carryover of 580 million bu, and estimated imports of 5 million bu, raises the total indicated supply to a figure of 1,760 million bu.

If growers approve the marketing quotas in the August 14th referendum, price supports for the 1954 wheat crop will be available to cooperators at 90% of parity, which is provided by law. If holders do not approve the quotas then price supports will drop to 50% of parity. Under new legislation a minimum national allotment has been voted by the Congress and approved by the President, which allows 62 million acres to be seeded to wheat in the coming season. This would compare with 78.6 million acres planted to the 1953 wheat crop. The law states that under a quota program holders who cooperate with their wheat acreage allotment may market all the wheat grown on their allotted acres, but non-cooperators will be subject to a penalty of 45% of the wheat parity price as of May 1, 1954 on their marketing excess.

Representative Hope of Kansas believes that in his state farmers will vote overwhelmingly in favor of the reduction, and that probably producers in other states will follow suit if the matter is properly presented to them. The law does not become effective unless at least two-thirds of the growers voting will poll an affirmative vote. Any producer who has more than 15 acres planted to wheat, and who has a normal production of 200 bu or more will be eligible to vote.

Primary receipts of wheat were decidedly smaller today, and amounted to only 3.7 million bu, which compared with 4.7 million bu last week, and 5.9 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2 1/2 million bu.

There was a little export business reported during the session, Holland had taken a cargo of red wheat, while Portugal took some hard winters, but otherwise it was rather dull, and trading was considerably smaller than yesterday. There has been a period of three or four days when weather in our Northwest was rather muggy, particularly so in Minnesota and the eastern sections of the Dakotas. Some fear is expressed that the crop may have deteriorated a little, but yet the final results should be very satisfactory, unless rust damage reaches an acute stage. The present indications are for cooler temperatures and some scattered showers. Trade in corn was not particularly active, but the July future, which had been so weak yesterday showed recuperative power, and good premiums are still being paid for cash corn over the July delivery. Rain would be very welcome in a number of areas, but there is no immediate prospect for precipitation over the corn belt. Temperatures will be high, although not excessive. Rye made new lows.

The cattle market which had been so strong yesterday lost practically all of its advance, with today's top $28.50. There were 11,000 head in Chicago, and some will be carried over.

We see the possibility of some rain in our Southwest, and it may even reach western Texas; in the meantime, the area around Enid, Oklahoma, had some very nice moisture with over 1 1/2 inches reported at Woodward, while other sections had lesser amounts.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 17, 1953

We mentioned in our letter yesterday that if the acreage allotment on wheat, which is to be put to a referendum on August 14th, is approved, henceforth non-cooperating farmers will be subject to a penalty on any excess marketings above their allotment. In view of the fact that the largest part of the wheat crop is ordinarily marketed it is reasonably easy to police the situation. There is about 80 million bu. of wheat held back which is required for seed, and possibly 125 million bu. which is fed to livestock, but the balance is generally put into commercial channels.

The situation, however, is far different with respect to corn and oats, because such large quantities are fed to livestock, and much of the corn comes to market not in the form of grain but rather as finished product either cattle or hogs being the end result. As we have stated often, about 85% of the corn never leaves the county in which it is grown, and therefore, the government would find it difficult to have any accurate check on what percentage is marketed based on the actual amount grown. This will naturally offer an obstacle if acreage controls are proposed later for these feed grains. Oats, of course, is not a basic commodity, and will be treated separately. In any case, corn will soon come into consideration if a large crop and carryover make it mandatory for Secretary Benson to take action.

Some unexpected but fine rains were reported in Illinois and Indiana, and were sufficient to possibly carry the crop to maturity in the judgment of some analysts. The dry conditions were also relieved in Ohio, and some heavy rainfall occurred also in widely scattered areas of Oklahoma and Texas, while over the Northwest mostly fair weather prevailed, although there were a few points that reported precipitation. Temperatures are quite moderate in the spring wheat areas, but there is still some fear of rust, and this was a factor this morning when our market opened.

There had also been some export business reported, Japan taking three cargoes of Pacific Coast wheat, but this did not require the removal of hedges in Chicago. Local elevators bought practically no wheat overnight, and thus far the movement of red wheat has been quite disappointing, but yet the crops are big, and there may be selling throughout the season rather than concentrated early, as was the case a year ago.

Moisture conditions in Canada have been very satisfactory, and barring actual rust damage a good crop is in prospect. Spring wheat condition is 122% compared with 125% last year, oats and barley are 93% and 92% respectively, which is a slight decline from a year ago.

The corn-hog ratio improved slightly to 16.2 vs 15.9 last week, and 11.8 last year.

Wheat primary receipts today were 3.8 million bu compared with 4.2 million bu last week, and 5.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of nearly 7 million bu. When the visible supply is posted on Monday it will compare with an increase a year ago of 23 million bu.

Markets today were quite mixed. Deferred bean futures and new-crop corn futures responded to rains, and this unexpected moisture will be a great help to both. However, July beans developed great strength, and 200,000 bu have been shipped from here to go to Canada. This finally had some influence on the later months. July corn was also relatively strong, and high premiums are still being paid, with apparently some cash interests short for nearby shipment. Wheat was independently firm right from the start.

The Minneapolis Tribune carried an article dealing with rust, claiming that recent weather had threatened to destroy millions of bushels of both wheat and oats. Apparently a wave of hot, humid weather had caused some damage, but it remains to be seen how severe this disease will manifest itself with the better temperatures that now prevail. There is, however, an epidemic which bears close watching, but judging from somewhat indifferent markets at Minneapolis one cannot become too alarmed yet.

Oats were firm, but there was not much volume of trading.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 20, 1953

In less than a month the wheat farmers of this country will be called upon to vote on the wheat referendum, and to decide whether or not wheat quotas are to be invoked. It is rather difficult to visualize that farmers will vote against same, although the expression of many of the major farm associations has been against quotas and more in favor of flexible price controls. While the farmer in the past was known as a rugged individualist, 20 years of government programs, artificial supports, raising grain for the loan rather than for the stomach, have undoubtedly had their effects. Farm programs in the past with their artifically high supports have been bailed out only during time of crop failures or wars, and it is rather difficult to foresee how programs of these natures should be continued, looking for disaster of one nature or another to solve the problems.

High and rigid support levels have a tendency to close foreign markets to our producers unless sufficiently subsidized by our government. High and rigid support prices also tend to attract cheaper competing farm products from other nations through increasing the quantity of domestic commodities tendered to the CCC under the support program or forcing changes in tariffs and our ideas of international trade. Probably the most important result of high and rigid supports is that the program leads to regimentation of farmers through production and marketing controls. It was not too many months ago when the majority of voters in this country enthusiastically endorsed a platform of less government in business, and the return of free enterprise.

The present administration inherited a very difficult situation, which was the result of past programs, and which has caused the present emergency of voting on quotas. Another result of high support levels, with the consequence of large crops, has been the shortage of storage space, and the forcing of the government to provide more storage facilities; therefore, competing with private industry.

Our Secretary of Agriculture has been thoroughly cognizant of all these matters, but political pressure becomes extremely strong whenever price declines are witnessed.

The Winnipeg Free Press of July 16th calls attention to the fact that the Press survey shows that the wheat acreage in the Prairie Provinces was cut about 2 million acres this year due mainly to the cool, wet spring. A well posted grain friend of ours in Winnipeg writes that there is no question but that rust is starting to show up in some places, particularly in southern Manitoba, although no serious rust weather has been encountered as yet. The past week was about ideal and good temperatures over most of the Prairie Provinces has helped the grain along. While earlier complaints were of too much moisture, this is not unusual as western Canada always depends upon lots of moisture for big crops. According to his estimate the acreage reduction in the Prairie Provinces will average about 7 or 8%

Broomhall's report for Italy mentions that the semi official crop estimate places the production of wheat at 309 million bu., which is 11 million bu. more than the recent official estimate, and 30 million larger than at first forecast. It would be 22 million bu. more than last year. The same source also reports that wheat seeding is nearly completed in Argentina and Australia, and reports from both countries continue to indicate an increase in wheat acreage. Estimates for Australia are 12 to 13 million acres compared to 10 million planted last year, and would bring same up to about the prewar average. The Argentine acreage is estimated at approximately 17 million acres; both countries are expected to carry-over moderate to fair quantities from the present season.

Some excellent rains were reported in Oklahoma, as well as the Texas Panhandle; the latter moisture should be extremely helpful to milo, and improve prospects.

Primary receipts of wheat today totaled 7,276,000 bu against 9,212,000 bu last week, and 6,703,000 bu on comparable day of last year. When the visible supply of wheat was posted it showed an increase of 16 million bu, bringing the total to 283,938,000 bu. Chicago wheat stocks show an increase of approximately 3 million bu, bringing the total in this market to slightly over 10 million bu.

According to The Southwestern Miller flour business remains exceptionally slow with the trade pretty well booked for the next sixty days. Hedging pressure for a Monday was relatively light, and the wheat market obtained support from local buying. Premiums for the better classes of wheat in the Southwest were stronger. After today's session there will be only two days left for the liquidating of July contracts in the pit. The open interest as of last Friday was still rather heavy in corn and beans; however, there was 100,000 bu of beans tendered for delivery tomorrow.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 21, 1953

We are very much indebted to an extremely interesting analysis put out by the McCabe Grain Co., Limited of Canada. While the analysis deals mainly with U.S.A. imports of Canada barley, there are many pertinent facts which would apply to oats as well as barley. The analysis is extremely timely, due to discussions which are taking place in this country of limiting importations from Canada. It is pointed out that the commercial relationship between Canada and the U.S. is an enviable one which has developed to a high level, despite many difficulties and obstacles, which in the past have all been surmounted as a result of cooperative efforts between the two countries.

During the past several years total transactions between the two countries have ranged between $5 and $6 billion annually, with this country enjoying a favorable balance last year of over $600 million and in 1951 over $500 million. Canada is the best international customer of the United States, and consistently imports more goods from the U.S.A. than we import from that country. Furthermore, in its role of the best customer, Canada does not find it necessary to seek U.S. government aid for any of its purchases from this country. This highly desirable position is in contrast to the fact that during the three-year period of 1946-48 over 30% of total U.S.A. exports of goods and services were financed by direct U.S. government aid, and during the three year period 1949-51, over 28% of our total exports of goods and services were similarly financed.

Agriculture is Canada's leading industry; consequently, agriculture products are among the most important of Canada's exports. Under the circumstances, it might be expected that Canadian exports of agricultural goods across the border would exceed imports of similar goods from our country. However, this is not the case, and since the war Canada has imported more agricultural goods from the U.S.A. than it has exported to this country. This fact should be of concern to those who are now contemplating tinkering with the tariff.

If we do not accept agricultural products from Canada our relationship is bound to be strained and to suffer. Should we adopt the policy of restricting imports and try to be an aggressive exporter it undoubtedly will interfere with the friendly economic relationship which has existed between the two nations.

In our letter of yesterday we referred to the impending wheat referendum, and we cannot hammer home too hard the fact that the result of the referendum may for a long time determine the choice of the people between freedom and security. Compulsory acreage allotments and subsequent marketing quotas are examples of extreme regimentation. We also repeat that the present Administration so far has done everything in their power to avoid this situation, but the problems were presented to them due to policies pursued in past years. Flexible price controls would work out more equitably, and would carry out the principles set forth when price supports were first introduced.

Present weather indications are favorable for growing crops, with cooler temperatures predicted in the Northwest, and scattered rains in the corn belt. Private reports from the Northwest indicate that weather generally has been favorable for normal advancement of the crop. There seems to be a wide variance in opinions relative to the black stem rust menace. Apparently the Durum territory has been badly infested, while other areas are in a more favorable condition at the moment.

Primary receipts of wheat today totaled 4,046,000 bu against 5,019,000 bu last week, and 4,915,000 bu comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 863,000 bu.

According to The Southwestern Miller flour demand is extremely slow with most buyers generously booked for the moment. It is reported that Holland bought a cargo of hard wheat for first-half September, that Ireland bought two cargoes of corn, and that Japan also bought three cargoes of white wheat from the Pacific Coast. Have heard of no other export business. Apparently the Port at New Orleans is becoming quite congested, as we understand no permits are now being issued to that destination.

Tomorrow will be the last trading day in July contracts. As of last night there was still a sizeable open interest in corn and beans. We heard of several cars of Indiana red wheat received in the Kansas City market, which is a rather unnatural procedure.

UHLMANN GRAIN COMPANY

DAILY MARKET LETTER

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CHICAGO, 4 July 22, 1953.

Weather in the Northwest is being watched very carefully as a market factor, due to the existence of rust in many areas. At the moment temperatures have fallen, and the forecast for the Northwest suggests generally fair, with moderate temperatures tonight and Thursday, which is favorable. Opinions on the amount of rust prevalent, and the amount of damage done in the spring wheat area remain rather variant, with some proverbial crop killers suggesting that spring wheat will be drastically cut by rust. However, advices which we received from a party whom we consider to be on the conservative side state that he does not expect too much damage, except in the Durum territory, and which is a relatively small part of the crop. This party has extensive elevator interests, and he mentions that in Montana the crops are generally very favorable with the exception of lateness. There is a possibility that there may be some serious rust damage in South Dakota, west-central Minnesota, and perhaps in extreme southern and eastern North Dakota, but our sourc feels that there is a great deal of territory which will escape with minimum damage. Some samples which they have received show straw badly rusted, but far enoug along, and in the area from which the samples were selected the yield could make 52 to 53 pound wheat. The present cool weather should enable crops to make progress toward maturity and lessen the rust damage.

Speaking on European crops, Broomhall reports that clear weather now prevails over much of the Continent but in a number of countries temperatures are quite high, which will promote growth in the backward districts and facilitate harvesting. However, some untimely rains have been received in several areas, which will retard harvesting and cause lodging in western Europe. In the U. K. a period of dry and sunny weather is needed as considerable damage has been done to crops due to heavy rains and winds, although wheat withstood the adverse weather better than other grains. In France, officially they are estimating the outturn at approximately 302 million bu compared with 310 million last year. In Western Germany, weather is clearing, but frequent rains have checked the barley harvest. Italian crops are progressing with an outturn of wheat now figured at 309 million bu vs 287 million a year ago. Crops are being gathered in Spain and Portugal, although the former countr stresses extreme irregularity in wheat yields. The outturn in Sweden is expected to be larger than the previous year. In Turkey conditions are favorable, and the present plan is to export 1,800,000 tons of wheat as compared to exports last year of 1,500,000 tons. Bulgaria, a good wheat crop is in prospect, while in Egypt the outturn is estimated about 1,400,000 tons, which is against 1,100,000 tons last year.

The Official Weekly Corn Bulletin in the United States points out very favorable conditions in the commercial corn areas. They report that corn in Illinois is averaging five feet high, with about half of it in tassell. In Iowa, the corn crop has been rapid in growth with ideal weather; about 35% is tasselled compared to over 40% last year, and an annual average at this date of around 20%. In Ohio, corn is reported making good progress, tasselling and shooting ears, with rain needed, but since this report was compiled rains have occurred. Missouri has been feeling some effects of dry weather, while in Minnesota both corn and beans have made good progress.

Primary receipts of wheat today amounted to 2,619,000 bu. vs 4,344,000 bus. a week ago and 3,860,000 bu. on the comparable day of last year. So far this week, Kansas City and Minneapolis wheat stocks show a net increase of 1,312,000 bu.

There was very little news in the market today and considering that it was the last day for filling July contracts in the pit, the session was a rather dull one. We heard of no export business with the exception of a few parcels of corn and flour business is at a standstill. There were two steamers headed for Chicago from Toledo, loaded with wheat.

The House Agricultural Committee will start holding meetings today on legislation to make surplus commodities and other government owned farm commodities available to the President for distribution to friendly foreign countries. It would authorize the CCC to make commodities owned by it available to assist in meeting famine and other urgent relief requirements in foreign nations.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 23, 1953.

Barring a disaster in the spring wheat area farmers of this country will soon be called upon to vote on marketing quotas for next year. According to the amended law recently passed by Congress, the acreage on which quotas will be based is set at 62 million acres, or about a 20% reduction from last year. It is rather difficult to make forecasts on the standing acreage which will be harvested from this allotment. Whatever acres are taken out naturally will include the least favorable productive land. Undoubtedly every effort will be made to increase the production on the allowable acreage. If we would reduce this year's crop by 20%, using the last government figures, it would still leave a crop of about 940 million bu, and if the final yield of 1952 had been reduced by 20%, the crop that year would have been slightly over 1 billion bu. So with any normal growing conditions a crop of 900 million to 1 billion bu could be produced onthe decreased acreage.

The carryover on July 1st of this year totaled 580 million bu, and unless there is some perceptible pickup in export business either through regular channels or through relief exports, it is almost fair to assume that the carryover will be increased at least 100 million bu on July 1, 1954. Using the figure of 700 million bu for home consumption for all purposes, and an export figure of 275 million bu with normal growing conditions, it is possible we could end up on July 1, 1955 with as large a carryover as in 1954, therefore, very little progress might be made in solving the agricultural problem which is caused by high loan figures. Of course many things can happen, but we are assuming normal yields.

In figuring export business this present crop year at 275 million bu, it is hard to visualize how we are going to reach this goal unless the government gives away for relief and other purposes large quantities. For the week ended July 18th, according to Broomhall, world shipments since August 1, 1952 totaled 833 million bu vs 929 million bu in the same period the previous year, or approximately 16 1/3 million bu per week. In the week ended July 18th, shipments from Canada totaled 12 1/2 million bu, from the U. S. 3 1/2 million bu, from Argentina 2 1/2 million bu, and while not listed, from Australia about 2 million bu. In other words 17 million bu was shipped by Canada, Argentina and Australia. We know that Canada is keyed up to do a large wheat business, and it does not seem that there is much place left inthe picture for exports from the United States. We are contemplating minimum exports from this country unless stepped up by donations for relief or for political purposes.

The overnight weather was quite satisfactory in parts of the Southwest where they had showers and some of them of heavy amounts, which will give the growing milo crop a big boost and permit planting of much more milo. It will also put the land in shape for wheat planting.

While no one has doubted the presence of black stem rust in the Northwest, many observers have been of the opinion that it would not reach epidemic proportions. Now, however, there seems to be a growing fear that conditions are changing and that the rust might advance more rapidly and catch the crop before it reaches maturity. Professional observers feel sure that the Durum crop has been badly hurt and as it is race 15B which seems to account for about 70% of the rust collections identified, this year, and Durums are more susceptible to this than the bread wheats. Bread wheats are normally three to five days earlier than Durums which gives them an additional advantage. The heavy stands of wheat this year and the type of weather we have been having has made the crop especially vulnerable to rust this season.

After trading ceased in July futures yesterday, there was still a sizeable quantity of soybeans open which will have to be settled by delivery against the contract or settled by exchange of futures against cash. There is 887,000 bu of futures to be evened up in this manner. Chicago total stocks at last week-end were only 572,000 bu and while some of the contracts may be settled in outside positions, it still does indicate that considerable beans will have to be brought to Chicago.

Stocks of wheat in Minneapolis and Kansas City so far this week show an increase of 1 3/4 million bu. Primary receipts for the day were3,704,000 bu, just about the same as last week but smaller than last year when they were 4,346,000 bu.

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CHICAGO, 4 July 24, 1953

The supply of feed grains and other concentrates for the new crop year starting October 1st promised to be 6% larger than last year, and within 1% of the record supply in 1950-51. Included in this supply is the carryover of corn presently estimated at 800 million bu, and the new crop of 3,337 million bu, giving us a supply exceeding 4.1 billion bu. From this amount of corn we will probably use in the neighborhood of 3 billion bu, for all purposes and finish the season with a carryover exceeding 1.1 billion bu. If farmers own about 1/4 billion bu, it would leave around 900 million bu in the hands of the government in a little over a year from now.

With such a condition forecast, it is bound to accentuate the storage problem, which is now rather acute. Recently the government ordered more bins to hold even the amount of corn they will be called upon to carry this year, yet a season from now they might have to store an additional 300 million bu. Corn, as a grain in commercial channels, both for domestic use and export, requires only a small percentage of the production, probably about 90% of each crop is used in feeding, as even a good share of the processed product goes back into feed channels.

We can never follow the reasoning of a high support price on corn, as it is not in the sale of the grain that farmers realize their profit, but rather in the livestock and poultry which they sell. The principal feeding is to hogs, which have to be in big supply to furnish meat for our growing population. The hog products of pork and lard, however, have strong competition from other meats and vegetable oils. In the oils, it is principally soybean oil and cottonseed oil, and in meats, mostly beef, but broiler production has been increasing very rapidly. In cattle, the dairy herds have changed but little over the past number of years, and at 36.9 million head are only slightly over the 1946-50 average. Beef cattle, however, have increased to 56.8 million head from the average of 42.3 million. There has been a substantial increase of cattle on feed, and using January 1st figures for comparison, this year the total was 5.8 million head compared with 4.3 million for the 1946-50 average. More eggs are being produced, but the number of young chickens on farms has declined the past few years. Broiler production, however, has gone up tremendously, and is estimated at 930 million birds for 1953 compared with 371 million in 1948, and the 1946-50 average of 423 million. It takes reasonably priced feeds to produce our livestock, so that meat prices are competitive with other foods. If these prices are relatively higher than other foods the farmer's income is more likely to suffer. The average percentage of cash farm receipts for the five years, 1948-52 from livestock and livestock products was 56.8%, and one year it was 60%. Even in the depression years, 1931-35, it averaged 56.5% and in one year 60.2%. So in good times or bad, livestock is the most important income of the farmer. In addition, livestock makes other contributions which aid in the farm income, such as adding to the fertility of the soil. There were many protests in the past recent months when cattle prices declined sharply that it was the price of feed that gave a great deal of concern to the industry, but since the price of corn has declined we have heard very much less of these protests.

Today's wheat prices fluctuated within a rather narrow range. The local trade were awaiting the possible sale of about 3 3/4 million bu of wheat to Mexico to complete the 1952-53 season IWA quota. There was no buying of futures to indicate that this was being done, but inasmuch as there is a great disparity between the prices of the two years' agreements, it was reasoned that Mexico would likely make efforts to buy this wheat. The terms seem to be that warehouse receipts would have to be presented for payment before the end of the month, even though the wheat would not actually move until later.

The influence of possible rust damage to our spring wheat crop seemed to have lost its force today, as weather at the moment is quite favorable, and the five-day forecast suggests temperatures below normal, which would be favorable to crop developments.

September oats were relatively firm, probably influenced by the fact that yesterday tenders of July contracts apparently went to processing interests.

Kansas City and Minneapolis wheat stocks increased 1,841,000 bu so far this week, indicating an increase in the visible supply, but we doubt if it will be as large as the 23,382,000 bu for the corresponding week last season. Primary receipts were smaller for the day, totaling 2,341,000 bu whereas last week and last year's comparisons were about 3,800,000 bu each.

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CHICAGO, 4 July 27, 1953.

The signing of the Truce had been fully expected, and was discounted during the period of discussions; therefore, it had very little effect either on commodity or security markets. It is generally felt that spending for defense will continue at a pretty highclip, and that shifts as they come will begradual rather than sensational. While the terms are not entirely to our desires, there is at least the satisfaction that the shooting war is over, and we can only hope that the peace to follow will be of a permanent nature. Rebuilding of Korea will be costly, and the outlets for food and relief will be enormous; therefore, we may enjoy larger demands for our surplus products.

Late Friday the Government estimated the wheat carryover at 559.3 million bu, which was a reduction from 580 million bu that had been expected. This compares with 255.6 million the year before. The current reserve of old wheat stored in all positions is the third largest since the beginning of comparable records in 1935. Only in 1942 and 1943 did we have larger quantities on hand: namely, 631 million bu and 619 million respectively. The present reserve is 304 million bu larger than last year, and in all likelihood there will be another increase in total stocks one year hence.

However, we shall probably deal now with acreage allotments for the 1954 crop if farmers vote affirmatively on the proposed action. Total acreage for wheat will be 62 million acres, with Kansas enjoying the largest state allotment of 11.8 million acres. Other leading states are North Dakota with 8.2 million acres, Oklahoma 5.2 million, Texas 4.8 million, and Montana 4.6 million acres. Each state is being advised immediately regarding its allotment, and thereafter state and county committees of the PMA will then break state allotments down to counties and finally to individual farms. Each grower will know his exact allotment for his own farm, and the marketing quota referendum will be held August 14th.

Weather over the weekend in the spring wheat areas was mostly fair, with moderate temperatures, although a local thunderstorm occurred in the Minneapolis area. The threat of rust is still in the minds of many traders, and this fact may cut the production figures which we had dealt with earlier. There are a few scattered thundershowers likely tonight in the Northwest, and warmer weather, while over the corn belt a few rains a probable, particularly in the northern portions, and temperatures may drop slightly.

Mexico had made inquiry for about 3 million bu of wheat, but offerings from this country were not heavy, and according to early reports only about 1 1/2 million bu was booked, and even this lacked official confirmation. Here in Chicago corn receipts were 372 cars, and 80% of the total was for the account of CCC. There were also 132 cars of oats here, and in addition 365,000 bu arrived by barge.

When the visible supply of wheat was posted there was an increase of nearly 14 million bu. Total stocks in all positions are 297.8 million bu compared with 234 million last year. Chicago stocks increased heavily with 14.3 million bu now in this city The U S corn visible decreased 2 million bu, leaving 8.8 million in various markets against 19 1/2 million last season. Chicago corn stocks decreased 1/2 million bu leaving less than 2 million bu here. The total oat visible increased 2 million bu, with 14 1/2 million bu in the various terminals vs 21 1/2 million bu a year ago.

For a time the wheat market held rather firmly, but prices for rye declined sharply at Winnipeg, where new lows on the crop were established; the same was true here, our market going down in sympathy. We also had season's lows for December, March, and May corn, and for all futures of soybeans. Weather and crop developments are perfect for both beans and corn, and this undoubtedly is a factor, as is also the heavy marketing of corn by Commodity Credit.

President Eisenhower formally requested Congress to provide an initial bequest of $200 million for Korean relief, and told the Congress that devastation and the general economy of that country was staggering. Thus rehabilitation funds may be sent there for a long time to come. The House Agricultural Committee approved, with restrictions, the President's proposal to send surplus farm products to relieve hung amongst friendly peoples abroad. Thus, the course has been charted, and as we state earlier, there may be heavier outlets for our wheat and food supplies now that Truce has been signed.

There was extreme dullness in the flour trade, and most of the new export business seems to be going to Canada. There seems to be great reluctance on part of British import trade to contract for grain at prices asked by export nations. Apparently they hope that through competition they may purchase cheaper by assuming a waiting attitude.

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CHICAGO, 4

July 28, 1953

There was not much grain or weather news before our market opened. Trade is still somewhat apprehensive about the possibility of rust in the Northwest, and according to very good advices that we have received, samples from the Valley and from Montana indicate that early-sown wheat will probably come through without damage while the late wheat still has the critical period ahead. Our friend talked to farmers from various parts of North Dakota but none of them mentioned rust damage to hard wheat, although durum farmers have suffered considerable loss due to rust. It is thought that possibly the last government report had taken some of the prospective damage into account, but in any case the presence of this disease makes it difficult to evaluate properly conditions at the present time.

There was a fair amount of export business reported, Japan having purchased 3 1/2 cargoes Pacific Coast wheat and 8 cargoes Canadian wheat; Austria bought 5 cargoes corn, while Ireland also purchased a cargo of corn via the Atlantic. The wheat business, however, via gulf and Atlantic was rather dull and we could not see much evidence of hedges being covered here, although prices were firm at the start. Local traders were a little encouraged by the slight recovery in rye, although subsequent selling carried the brown bread-grain to new low levels for the season during the first hour and a half of trade.

There can be little doubt in our opinion that the signing of the Truce will probably increase the food grants which this country will make, and the Northwestern Miller estimates that the annual relief requirements of additional food supplies for South Korea may range anywhere from 250,000 tons to 750,000 tons. Their preference would be for rice and barley, with wheat and soybeans not ranking as high. However, with barley, sorghums, and rice in relatively tight supply in this country, it is expected that more emphasis may be placed on wheat, notwithstanding Korean preferences. Furthermore, anything that is immediately shipped will probably consist of the commodity that would best suit the convenience of the U.S. government.

Our administration, and in fact agricultural leaders, are stressing the need for greater research in farming practices, suggesting the better use of machines, better breeding of animals, the better application of improved farming practices, such as the use of new plant varieties and new chemicals. They claim, however, that all these factors are not sufficient unless individual producers might pay more attention to the better use of their time and energy, and above all, the preservation and improvement of human resources and human values in agriculture. Even when new discoveries are made, sensational though they may be, it takes a considerable length of time before the application is made. For example, the average farmer began using hybrid seed corn 5 1/2 years after he first heard about it. The lag in getting information to farmer is apparently a long and arduous one. Today, the use of hybrid seed corn in major cor areas is virtually 100% although in other areas of the nation hybrid corn is still relatively new.

It is likely that some rain will occur over northern sections of the corn belt. Thus far, prospects for both corn and beans have been highly satisfactory. The official weather indication is for widely scattered showers over western sections of Texas, although our own weather man is not too optimistic that the amount received will be heavy. There has been some improvement in those districts lately, both to milo crop and to pastures.

Primary receipts of wheat were lighter and amounted to 3.1 million bu compared with a little over 4 million bu last week and 4.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 239,000 bu. Contract stocks of wheat in deliverable positions now amount to 9 1/4 million bu, of which 7.3 million bu is #2 red wheat.

There was not much support to the market and milling demand was still very light; in fact, the business that generally develops at this time of year has not been showing up. While there was no particular pressure on the market, there was a lack of interest and the fact that rye futures were so weak tended to discourage prospective buyers. The state reports were generally satisfactory, although in the Northwest there was considerable mention of stem rust, but a good deal of spring wheat is already headed and much is in the milk stage even in some northern districts. In Canada, the situation continues satisfactory. The Saskatchewan Pool crop report showed a condition of 148 compared to a previous weekly report of 150, and last year' figure of 160. Corn prices held reasonably well and there was some local buying of September beans but otherwise general interest was quite indifferent.

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CHICAGO, 4 July 29, 1953

On August 14th, wheat producers will vote on the question of quotas for the 1954 crop. Approval of two-thirds of those voting is necessary in order to make it effective. Growers with more than fifteen acres planted to wheat and with normal production of 200 bu or more are eligible to vote. Now that the acreage allotment is definitely set at 62 million acres, it means a reduction of 16.6 million acres from the planted acreage a year ago. There is little doubt that approval will be voted in order that the 90% of parity loan will be obtained; but it is equally obvious that high and rigid price supports are creating problems to the administration because it is not always possible to dispose of the accumulated surpluses without in turn affecting the price level. The CCC has once before held more than $4 billion worth of commodities and that was in 1950. However, the rise in demand after the Korean war made it possible to export rather heavily, and there is no assurance that even with large grants we are going to get our house in order except through the curtailment of production. In the end acreage allotments and marketing quotas may become so distasteful to farmers that they themselves may favor flexible price supports, although there is not much sign that they are yielding as yet. If the greater flexibility were permitted, it would also occasion shifts as surpluses pile up for certain commodities, although some farm groups and some Congressmen of both parties seem to cling pretty well to high, rigid supports, apparently not realizing the great danger involved.

When our market opened this morning, prices were a little firmer. There were rather high temperatures reported in parts of the Southwest, although more moderate weather is forecast, but not much precipitation is indicated. In contrast to this, weather in the Northwest has been comparatively cool, and while there continues to be some talk of rust damage, those who have studied the question in other years are not too alarmed at this time. One of our friends in Minneapolis wired us that some fair-sized lots of new spring wheat were being sold and while the premium was pretty high, test-weight was stipulated at 58 lbs or better, which apparently showed confidence on part of producers that test-weight and quality would probably turn out rather satisfactorily.

There were unconfirmed reports that Mexico had bought additional quantities of wheat, possibly as much as one million bu, although this was doubted by well informed sources. Norway was in the market for red winter wheat, but on the whole foreign trade is disappointing, and most of the business seems to be going to Canada with business also occurring from time to time from Australia and Argentina.

Broomhall reports that weather conditions are mostly favorable on the European Continent for maturing and harvesting of grains. The season has been somewhat late because of rains, but, nevertheless, satisfactory yields are looked for in the U. K. It has been sunny and favorable for harvest in France, although wheat ripening has been slow, but another good crop is anticipated, but a little smaller than last season. It is clear in Germany so that harvesting is under way. The wheat outturn will be only slightly under last year, and the rye crop seems to be satisfactory, except that moisture is generally high. It is always difficult to get much information from Russia, although from the harvesting returns high yields are expected, at least in the early districts.

Primary receipts of wheat were very moderate at 1.7 million bu compared with 2.6 million last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a net increase of 376,000 bu.

Trade was only moderate and for quite a period great indifference was displayed. Flour business is still very quiet and new inquiries have slowed down considerably. Very little attention was paid to rust reports in Manitoba and southeastern Saskatchewan, but with the strength at Minneapolis there was considerable firmness during the latter part of the session. All that can really be said now with conviction regarding rust is that the next two or three weeks will tell the story. Corn held well even while other grains were weak, and beans were also firm, probably due to some export trade, but crop prospects are exceptionally fine. While rains could be used in parts of the Central States there is no general need for moisture at the moment. Ther were only 12 cars of corn in Chicago representing private trade, the other 54 were for account of CCC. Therefore, pressure was extremely light.

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CHICAGO, 4 July 30, 1953.

The one encouraging feature to the various countries having large food surpluses is the fact that world population continues to increase at almost alarming rates, regardless of the fact that three out of four people are on low level diets or are desperately hungry. We need only to look at many of the Asiatic nations, and more recently to those in Eastern Germany, to see how fortunate we are in this country that we may choose our diet without much regard to what is in surplus or in deficit. Here in America our people, especially the young people, are accustomed to and expect high level diets. After fifteen years of increasing incomes and full employment, consumers are using increased quantities of meat, milk, eggs, fruit, and vegetables. However, they do resist being forced toward a cereal, nor will they eat large quantities of potatoes or gravies. We have been fortunate also in one respect: namely, that during the last war period and the era of rapid mechanization and increased fertilizer use, our farm production has increased by about 33%. That was in the period from 1939-48. Actually the number of acres available for agricultural use has not increased much since 1920; by that time we had plowed up most of our good land. Since then the sharp additions to food acres have come largely from the release of land that was formerly required to feed work stock by the replacement of horses and mules, so that today tractors do the bulk of our heavy farm work. The source of new food acreages has been about exhausted. Therefore, it is quite obvious that we shall have to improve our techniques still further if the world depends on us for help, or if our own population increases by leaps and bounds, as is the case at the present time.

Just recently the Congress passed the Mutual Security Act of 1953. The law authorizes the President to enter into agreements with friendly nations for the sale of surplus U S Farm products, and to accept the currency of the buying country as payment. This would avoid the problem of a dollar shortage in the country doing the buying. By the same token the foreign currency thus acquired by the U.S. could be used by the President in making mutual security agreements with other countries. In this way, foreign funds could enter into and encourage the stream of trade between friendly and foreign nations.

There was not much news to guide our market at the opening except that temperatures continue very high in the Southwest, and not much relief is in sight, nor is there any moisture of consequence anticipated. There was some rather nice rain in western Iowa and some in northern Illinois, with the likelihood that Nebraska will receive precipitation, but rains are not likely to be general, while in the Northwest it will probably be somewhat warmer. This, of course, brings up the possibility of the rust epidemic doing more damage, and Minneapolis prices were considerably higher, which in turn brought some local buying of wheat into the pits here.

A cargo of red wheat was sold to Norway, while Israel bought 6,000 tons soybeans via the gulf. During the past week Broomhall reports that our wheat and flour shipments were 4.1 million bu, and since July 1st, we have shipped 16 1/3 million bu compared with 15 1/2 million last season. Corn exports since October 1st were 112 million bu compared with 67 million the year before. Canadian wheat acreage was officially estimated at 24.8 million, nearly 2 million more acres than had been anticipated, but a smaller acreage was planted to oats, and more to rye than in 1952.

Primary receipts of wheat were down to 1.6 million bu compared with 3.7 million last week, and 3.6 million bu lastyear. Kansas City and Minneapolis stocks so far this week show a net increase of 487,000 bu.

Trade was fairly active at times, and with Minneapolis wheat more than 4¢ per bu higher, it seems that rust damage had seized theimagination of traders, and heavy damage to Durum wheat in North Dakota has actually been established; in fact, the cash premium market on Durums was 5¢ per bu higher, but it remains to be seen how badly the epidemic will be on hard varieties. Nevertheless, some very reliable people in the Northwest are becoming much more concerned over prospects. Our wheat market closed strong, and this also influenced rye and corn. However, oats and beans were comparatively indifferent considering the advances elsewhere.

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CHICAGO, 4

July 31, 1953

In the past when acreages were drastically reduced, it was often the result of discouragement on part of farmers, and it invariably followed years of low prices, so that farming techniques deteriorated. Very often the use of fertilizer was cut, low vitality seed was sown, and somehow smaller crops were harvested, so that a natural price reaction generally followed. At the present time this situation is quite different. Prices have been reasonably high even though wheat is selling below the loan level. The cut in acreage, if it comes, will be mandatory under an allotment plan, but we see no tendency to cut fertilizer expenditures, such as takes place in times of declining agricultural prices. That is the most damaging type of economy that a farmer could practice. When he reduces fertilizer application with consequent reduction in yields, the producer pushes up his unit cost of production. There have been studies made in recent years with all the states joining the USDA in this research work. The treatise was called "Agricultural Capacity to Produce." It showed that this country could add another 20% to production above the 1950 level. The report was careful in cautioning that estimates are not forecasts of what farmers will do but merely indicated that they might attain better results by employing more scientific methods.

Before our market opened this morning, there were indications that Minneapolis prices might be influenced again by rust reports. Temperatures in the Northwest were in the low 90's, with a showery condition, although the five-day outlook was somewhat more favorable. Muggy weather at this time of year could undoubtedly take a heavier toll than if we had cool, breezy weather. There are also reports of rust in Manitoba and southeast Saskatchewan, although not too much attention being paid to those districts, as the important wheat production lies farther west. It is still extremely warm in the Southwest where rainfall is not immediately in sight, although the corn belt will probably be favored with precipitation. The only area that seems to be complaining of lack of moisture is the basin in Nebraska where it has been extremely dry now for some time.

Our market opened somewhat indifferently, with local selling but finally heeded advances in Minneapolis. The Sanford Evans crop report showed heavier precipitation in all Canadian provinces since April 1st than the normal. There were traces of stem rust but nothing mentioned of an alarming nature.

Canadian exports of wheat and flour since last October have amounted to 375 million bu. compared with 346 million a year ago. Included in these shipments are nearly 23 million bu. that had been destined to the U. S. compared with 37.8 million bu. a year earlier. Today will close their crop-year and there is a surplus of 365 million bu. remaining for export and carryover compared with 223 million bu. a year ago. Thus it is obvious that even if they raise a smaller crop there will still be a large supply for the export market.

Primary receipts of wheat were 2 million bu compared with 2.3 million bu last week, and a little over 3 million bu last year. When the visible supply is posted on Monday it will compare with last year's increase of 13.8 million bu.

The Minneapolis market was very strong again, advancing several cents per bu, while at the same time the premium basis was higher, but strangely enough this did not have any influence on our market, despite the fact that there was some improvement in milling demand. Corn receipts in Chicago were 113 cars, but only 10 of them were from the private trade, the balance coming from Commodity Credit. There was a rather firm market in corn, while oats were quite strong, and some believe that the next government report may show a reduction in production. Bean oil was quite strong, this had some influence on the soybean market, but the cash basis was also higher, and one of the processors was apparently a good buyer. Altogether there seems to be a rather friendly sentiment in grains. While wheat did not hold an early advance a good deal of attention was paid to the strength in premiums in the various markets, and it remains to be seen now just how much damage the rust epidemic will cause.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 3, 1953.

There is a great divergence of opinion as to the effect of rust in the Northwest, and final results will not be known until the crop is fully harvested. Some reports continue on the extremely pessimistic side, but from information we gathered this morning, and from some samples inspected in Minneapolis of growing wheat, covering a territory from the Rocky Mountains to North Dakota, it is still not a calamity crop as far as our overall picture is concerned. While no doubt a substantial reduction in crop prospects has occurred in some quarters, it is felt that a final outturn of 290 to 300 million bu might be on the low side. The last government report as of July 1st placed prospects for all wheat at 1,175 million bu. If we reduce spring wheat prospects by 60 million bu, it would still leave a crop of 1,115 million bu. Adding to this the carryover of 559 million bu, it would leave us with total supplies for the 1953-54 season of 1,674 million bu. Figuring 700 million bu for domestic disappearance, and using a pure guess of 275 million bu for export, it would leave a carryover on July 1st of 700 million bu, or approximately 150 million bu more than the carryover this year. Therefore, it seems reasonable to assume that even if further rust damage occurs between now and harvest, the carryover will be increased. With less wheat to be handled in the spring wheat area, the urgency to find storage space will become a little less acute; therefore, the loan program may become more effective.

The USDA, in their quarterly survey, gives domestic distribution of flour in terms of grain at approximately 488 million bu for the year ending June 30th vs 496 million bu the previous year, and nearly 493 million bu two years ago; this compares with the disappearance in the 1948-49 season of about 482 million bu. But on the export side of the picture the year just closed showed 40 million bu going into that channel as compared with 42 1/2 million the year before, approximately 44 million bu two years ago, and 127 million bu in the crop-year of 1948-49. What we give away for relief and political purposes is difficult to estimate, but in a country such as Korea flour may have the right of way over wheat in any aid program owing to the very limited port facilities in that country. In fact, it is doubted whether Korea has facilities to accommodate more than one cargo of wheat a month.

The Department of Agriculture has added the states of Idaho, Montana, Oregon and North Dakota to those already announced in which "distress" wheat loans will be made to producers under the price support program. The "distress" loans would be 80% of the applicable price support, and they will run for a 90-day period, during which time farmers are expected to obtain adequate storage, either on the farm or in approved commercial establishments in order to convert the special "distress" loans to the regular 90% parity loan.

Primary receipts of wheat today totaled 3,616,000 bu against 5,240,000 bu last week, and 5,455,000 bu on comparable day of last year. When the visible supply was posted wheat showed an increase of 10,810,000 bu, bringing the total now to308,687,000 bu, or approximately 61 million bu more than ayear ago. Chicago stocks of wheat increased 3,478,000 bu, and now totals 17,869,000 bu; this compares with 17,336,000 bu which was the peak last year, and which occurred on September 27th. There is supposed to be about 3 million bu of loan wheat here, while lastyear this was nil. There probably will be some further additions to Chicago stocks before the peak is reached.

There was no particular feature in markets today; wheat remained relatively firm despite the weakness in corn, beans, and rye. Flour business remains quiet, and export business is extremely dull, although understand that Egypt is in the market for 20,000 tons, but mostly soft wheat. Cash premiums in Minneapolis spring wheat showed a further advance today, and at present levels even 12.50 proteins are at or over the net loan. Therefore, despite the fact that they are suffering crop reductions, if present protein premiums are maintained a considerable amount of free wheat may find its way to the market.

Crop reports from the corn and bean areas remain extremely optimistic, and barring any unforeseen difficulty it appears as though yields will be quite large. However, at the moment country offerings of corn are rather light, and a big portion of the arrivals in Chicago were from the CCC.

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CHICAGO, 4 August 4, 1953

With Congress now adjourned, those members representing agricultural states will no doubt return home to study our agricultural problems at the grass-root level. Committees have also been appointed to find out from producers of this country what kind of agricultural program they would like to have in the future.

In about two weeks' time the wheat producers will vote on marketing quotas for the next crop. While no one can be sure of the outcome, it is fair to surmise that farmers will vote in favor of quotas rather than face possible further decline in grain values. However, whether or not quotas are voted, our support programs for the past twenty years must soon face the final day of reckoning. No one seems to better realize the unrealistic approach which we have had to our farm problems than our Secretary of Agriculture, but, of course, political pressure is being exerted very strongly upon him and the administration. It has taken drought years and two wars to bail us out of our difficulties up to the present time. A concept based on production rather than on acreage is one of the great fallacies, as we have made tremendous strides in the past twenty years in increasing the productivity of our soil and in getting much larger yields per acre than formerly. Should we continue indefinitely a policy of high loans, the incentive is to produce for the loan rather than to judge consumption and to cut acreages when necessary if price is unsatisfactory. The free market has always been, and will remain, the best barometer of price. Continuation of unrealistic loans will finally lead to complete regimentation and socialization of our farmers. Not only are we producing more than is necessary for home consumption, but we are steadily pricing ourselves out of the export market. Therefore, this latter phase can only be maintained by either large subsidies or gifts, which means further restrictions on the private grain trade of this country. If we are to maintain ourselves in our political ascendency in the world, we cannot do so by attempting Communistic techniques, and we must preserve the essentials of free market institutions.

As Broomhall points out, the IWA maximum price has been increased from $1.85 (including carrying charges) to $2.05, or an increase of 20¢ per bu on the current season's price. This despite the fact that competition for the "free" wheat market is undoubtedly expanding, due partly to the U. K.'s decision to operate in the free market, and partly to the successful attempt which many importers, notably India, have made to reduce their dependence on foreign wheat; furthermore, to the great determination shown by Argentina, Turkey, and others to grow wheat for the free market. Importers have not as yet solved their dollar problems, which will undoubtedly lead to defiency countries economizing in wheat by lengthening milling extractions, or by mixing in substitutes, and if the U. S. puts their surplus commodities on the bargain-counter for soft foreign currencies, what nation will submit dollars for payments? There is no doubt that it will cost this government money to get rid of our surplus, but if government money is to be spent, then it should behoove our government to prefer to spend it by strengthening the institutions of a free market rather than destroying them.

Broomhall reports that harvesting is making satisfactory progress in most sections of Europe, although some delays in western and central areas due to rains. Wheat is running high in moisture, but yields are mostly good. Hot and sunny weather in the U K has stimulated ripening, although some damage from severe storms last week. The wheat acreage of England and Wales is placed at 2,143,000 bu against 1,963,000 bu last year. Although warm weather prevailed with some rains in France harvesting is progressing. Weather conditionsin India are very favorable, and also in Argentina where adequate moisture has been received.

Primary receipts of wheat today totaled 1,729,000 bu against 3,165,000 bu last week, and 3,648,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 207,000 bu.

There was very little grain news overnight, temperatures are moderate in the Northwest, and rains have occurred in many areas of the corn belt with the exception of Nebraska. With the present high premium existing for spring protein wheat, one source advises that they took in some new wheat yesterday, and farmers seem to be willing to sell at present levels. Flour business is quiet, and theonly export business we heard of in wheat was two cargoes of soft white from the Atlantic Seaboard. Outside markets led the decline today, and there seems to be a total lack of investment buying in all cereals, and an over-abundance of supplies is facing this country.

UHLMANN GRAIN CO.

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CHICAGO, 4 August 5, 1953

The majority of people who are familiar with grain conditions take it pretty much for granted that the marketing quotas to be voted on August 14th will be approved by a two-thirds majority, and that, therefore, the 90% support levels will continue for another year. We ourselves lean to that view, although nobody can be absolutely certain, particularly since officials of the Department of Agriculture in charge of conducting referendum have refused to advise farmers which way to cast their ballots. While the Farm Bureau Headquarters has placed factual information at the disposal of their members, we understand that they are leaving it to farmers as to how they should vote without trying to influence them one way or the other. Many growers love their land and hate to see it lie idle; therefore, there may be those who resent the fact that they should vote to cut their wheat acreage. If it should follow that fewer than two-thirds approve marketing quotas, supports will then drop to 50% of parity next summer. Even this we understand will be available only to farmers who plant within their allotments.

The market effect might be extremely bearish in the event that the vote would be adverse, and we believe anyone who is long should bear this fully in mind, irrespective of any other factor that might influence him in his trading.'

The writer has just returned from the Northwest, and talked with a great many people who were well versed on crop conditions. Because of the rust epidemic, one received almost as many opinions as the number of persons with whom the matter was discussed. On the whole there seemed to be a gloomy sentiment prevailing, but we have seen that often before, probably for the reason that bad news travels more quickl than good news, and more attention is paid to hysteria than to mere comments that crops in other districts had been progressing favorably.

We had the Galvin report this morning, and he reduced his estimate of spring wheat production to 307 million bu. This compared with 353 million bu estimated on July 1st by the government. Durum wheat showed the heaviest percentage loss, but there were also reductions for other spring varieties, although, fortunately, this was almost offset by better yields in the winter wheat districts, so that with indicated production of 855 million bu winter wheat, the total wheat production by this expert was given as 1,162 million bu as compared with the government figure of 1,174 million bu a month ago, or only a small net loss. It compares with 1,088 million bu for the ten-year period (1942-51). Other estimates were made as follows: 3,273 million bu corn, 1,235 million bu oats, and 290 million bu soybeans.

After the report was made public, there was a little local buying, with very little attention paid to the weather, although there had been considerable moisture in our Southwestwith Nebraska also benefiting. That had been the one dry state, and it is felt now that relief has been quite general while even the Texas Panhandle received some precipitation, with more in sight as the weather map is rather unsettled. There seems to have been a turn in the spring wheat area--dry conditions have set in with moderate temperatures, and it may be that the fear of rust has subsided a little, at least for the time being.

Primary receipts of wheat today were down to a little over 1 million bu compared with 1.7 million bu last week, and slightly over 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 249,000 bu.

Markets were not overly active, but there was a fair trade at times. An early bulge was followed by profit-taking, but we have had reasonable breaks lately, and there seems to be some absorbion on declines, with the result that wheat is fluctuating within narrow limits. There was not too much guidance from Minneapolis, where they have become a little more quiet also, but apparently the threat of rust is still there, but it is difficult to bull a commodity every day on the same news.

Corn prices were firm without too much feature. The crop outlook is still excellent, and with recent rains now in Nebraska there might be further improvement. In fact, the fine outlook for the corn crop tempered to some extent bullish enthusiasm that might otherwise have prevailed in oats, where yields are turning out rather disappointingly.

UHLMANN GRAIN CO.

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CHICAGO, 4 August 6, 1953.

Even admitting that the wheat crop will be somewhat smaller than had been earlier anticipated due to rust conditions in the Northwest, it still appears as though we would deal with very large surpluses, although if acreages are reduced we may in time cut the reserve to more modest proportions. Export demand continues rather small and other nations with surpluses are apparently pressing their wares rather aggressively with the result that our main hope is in giving away wheat and flour to friendly countries and to those who are suffering from hunger. Over a longer period one can be a little more optimistic, and the experts tell us that looking ahead to 1960, we may have a population close to 175 million people. If the present rate of economic strength continues as it has in the past, the average person shouldhave a level of living at least 15% above that of today. This naturally would expand domestic markets for food and other farm products, and would be extremely helpful. Even if our per-capita consumption is no greater by 1960, and if the disappearance of farm products is at the same rate as in 1952, we would still use about 9% more than at the present time. In other words, on that basis we would need each year 2 billion more lbs meat, an additional 500 million dozen eggs, an extra billion lbs of milk solids, and about 8 million tons more of feed grains than we consumed in 1952. In addition to all this our people would use increased quantities of fruits, vegetables, and other products.

Our market this morning was influenced by a decision late yesterday that the Department of Agriculture would extend loans to farmers in the Northwest on low-test wheat where damage had been incurred due to rust. They intend to relax support loans to cover wheat that graded as low as 40 lbs to the bu, and apparently this has been undertaken in an effort to encourage orderly marketings during the early season. The price support on rust-damaged wheat will be reduced 2¢ a bu for each point it weighs below the minimum test-weight for No. 5 grade wheat. It would also bear the discount of 9¢ a bu that No. 5 grade does. Still this would be better than the commercial market, and would, therefore, tend to impound larger quantities than wouldotherwise be the case.

We had some overnight rains in the Southwest, which were quite heavy in parts of Kansas --as for example, 1.62 inches at Topeka, but the moisture extended to parts of Missouri and Nebraska, which had been dry, and, therefore, should be of considerable benefit. There was also some rain in Sioux Falls, South Dakota, and in Minneapolis, but elsewhere in the Northwest it was mainly dry with reasonable temperatures; consequently, the rust menace was not much mentioned, and in fact, Minneapolis prices started off on about the same fractional advance as we did here. We were advised, however, that in North and South Dakota there would probably be a considerable quantity of wheat testing 40 to 50 lbs, and our friend believed that the 2¢ per pound discount would probably price it above the intrinsic value compared to heavy wheat. Therefore, it is definitely an added attraction to the farmer, who soon has to decide whether he wants the 90% parity loan continued for another year.

Primary receipts of wheat today were 1,299,000 bu against 1,689,000 bu last week, and 2,640,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 254,000 bu.

We heard of no export business today from this country; in fact one message stated that it was reported Greece will sell the 3,600,000 bu of wheat bought under the IWA in late June. It seems rather an odd procedure after having obtained the subsidy that they have received permission to resell. Flour business in the Southwes remains extremely quiet, but they are reporting some mill buying in spring wheat flour. There is great resistance to current prices. There have been a few cars of new wheat received in the spring wheat territory -- one from Fisher, Minn., which graded #1 dark northern, 62 lbs, 11.30% protein. However, around Bismarck they are reporting yields of 20 bu per acre, with testweight of 53 pounds.

Premiums for cash wheat in both the Northwest and the Southwest remain strong, and at the present time there really are two separate wheat markets --one the cash grain, and the other represented by futures. Fluctuations were of very little importance today, with trading at a rather dull pace.

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CHICAGO, 4 August 7, 1953

The Department of Agriculture has just furnished us with official figures showing that for the last crop-season 316 million bu wheat and flour was exported from this country, and this was quite a reduction from the 474 million bu shipped the season earlier. Ever since World War II ended our clearances have been very heavy, and in fact, in 1947, and again in 1948, we averaged about 500 million bu due to the tremendous post-war demand. Such a quantity was almost equal to what was consumed domestically by every man, woman, and child in this country. Looking at the picture from a broader angle, we find that during the past twenty-five years our exports have averaged 165 million bu. This included some years of very heavy shipments, other years when the demand was rather slack, and there were also four years when we were a net importer, having obtained supplies from Canada. Three of those years comprised the so-called drought period when our domestic production was actually smaller than our home requirements. There was a later year: namely, 1943, when we imported a rather sizeable quantity from Canada, probably for feeding purposes. Nevertheless, the figures are interesting from point of view that with Canada again coming to the foreground and with larger acreages in the Southern Hemisphere, we may not be able to keep up the present pace. Since 1944, we have raised billion-bushel crops in every season except 1951, when production fell to 987 million bu. Chances are that even if acreage is curtailed, we will continue to raise larger amounts than are needed at home. Therefore, it is essential that our export outlets are kept alive.

Before Congress adjourned the President had sought legislation whereby we could sell our agricultural surpluses for local currencies. This was Senate Bill #2475, which had been passed by the Senate but died in the House Agricultural Committee on July 29th. Nevertheless, we are still giving some quantities of wheat away, while other shipments are being made under a subsidy, but in all likelihood we shall not clear more than about 275 million bu during the current crop-year. If this is the case even with some rust damage in the Northwest, we are almost certain to add to our reserve stock one year hence.

The weather map suggested some scattered showers again for the Southwest, and probably some for the corn belt. There may also be some precipitation in the spring wheat territories, but not too much. Northwest temperatures are rather moderate, and the five-day outlook is also quite favorable; consequently, the rust menace is not being regarded too seriously, although Washington advices report that weather conditions in the spring wheat areas have been ideal this summer for the infection and development of rust. Southern winds, muggy weather, and heavy morning dews accelerated the spread of this wheat disease. Durum wheat, which was more susceptible naturally was affected most seriously, but bread wheat, particularly the later fields, are also expected to suffer some damage. As they point out, the disease attacks the wheat stem, retarding or stopping the growth of wheat heads. This results in shrunken grains that weigh less than normal per bushel. We are already finding that the test-weight is beginning to reflect this situation, although the recent private estimate did not indicate that we were having a crop calamity, and, indeed, the final result may be better than the average for the past ten years.

Primary movement of wheat today amounted to 1.2 million bu compared with a little over 2 million bu last week, and about the same last year. Kansas City and Minneapolis stocks so far this week show a total increase of 365,000 bu. When the visible supply is posted on Monday it will compare with last year's increase of 8 1/2 million bu.

Flour demand was still very poor, and no improvement reported despite further reactions in the market. According to The Southwestern Miller, mills are not even pushing actively at this time. There continued to be disappointment over the fact that the general demand was slow, with not much export business arising at the time of year when ordinarily trade should develop. A good deal of selling took place on the theory that we are going to have an increase in the reserve stock next July even if only moderate crops are raised in the Northwest. Possibly some people are selling prior to the August 14th referendum, although it is generally figured that the farmers will probably cast an affirmative ballot with so much at stake. If they would receive only 50% of parity on their next year's loan it would make a difference of about $1.00 per bu, and we can hardly imagine that this will happen. However, trade remains cautious until after the question is finally resolved.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 10, 1953

Despite the fact that many businessmen are of the opinion that the boom may have passed its peak, and despite some curtailment of operations, we find that new construction outlays for the first half of 1953 were the highest on record, according to estimates by the Commerce and Labor Departments. In the January to June period, expenditures aggregated $16 billion, or 7.7% above the same period of last year. Of this amount private construction consisted of $11 billion and public construction of $5 billion. Private residential building expenditures in June were larger than for any month since November, 1950, while expenditures for public residential building for the first half of the year were 15% below the like period of 1952. We also find that because of the substantial increase in farm employment, the total number of persons at work during July amounted to 63,172,000 persons. This represented a gain of 1.5 million over the previous month, and 600,000 over the same period of last year. An unofficial estimate to be released today will show that the population of this country now stands at 160 million persons. It is computed roughly on the theory that the net gain is one person every twelve seconds, but actually there will not be an official census until 1960, at which time the population may be as high as 175 million persons.

For the past three or four days there has been a considerable amount of nervousness as to whether farmers would vote affirmatively on the quota referendum that is to be balloted on August 14th. From our various contacts, and in wiring to well posted people not only in the Northwest and in the Southwest, but also east of us, it seems to be fairly definite,that, particularly in view of the price declines, producers will probably vote for an extension of the 90% loan, and in fact, few could afford to do otherwise. It has always been a question as to whether some of the small farmers, say thos having an acreage of only 15 to 25 acres planted to wheat, would cooperate in this program. Even now with two-thirds majority needed to continue operations, one could hardly be 100% certain, but it surely looks as though producers were fully cognizant of the big stakes. In other words, if wheat quotas are voted down, it means that wheat will only be supported at 50% of parity instead of 90% as at present.

When our market opened this morning very little attention was paid to routine news although there had been some nice moisture again over the corn belt and some at Goodland, Kansas, accompanied by hail. Our reports indicate that prospects for corn and beans remain exceptionally good. There were some scattered showers over the Northwest but apparently nothing of any great importance. For several days now there has been very little comment with respect to rust. A government report will be issued after the close tomorrow, and it may come fairly close to the figure recently given by Galvin.

The latest reports in the rust situation in Canada are somewhat more reassuring. True, durum wheat has been more seriously affected than other varieties but it is becoming more evident daily that common wheat, now widely grown in Western Canada, is rusting less rapidly than the durum, and apparently is showing a decided resistance to stem rust, which this year was considered to be race 15-B.

During the past twelve months total world shipments from the five chief exporting nations were 876 million bu compared with 971 million bu the year before. Shipments from Argentine were very small due to their previous crop failure. Canada led with clearances of 384 million bu, while ours were about 65 million bu smaller, and Australia came next, having shipped 109.6 million bu.

When the visible supply of wheat was posted there was an increase of nearly 5 million bu. Total stocks are 313 1/2 million bu compared with 256.3 million bu last season. There was an increase of a million bu in Chicago. The corn visible showed a small increase while oats increased 1.9 million bu.

There was no pickup in the milling demand and liquidation was pretty heavy in all pits; in fact to such an extent that all wheat futures made new lows. The same was true of soybeans and of rye, and all corn futures except the September went into new low ground. The last break in wheat was occasioned by some figures received from Canada stating that wheat stocks in transit or in store in North American positions on July 31st totaled 268 million bu. This did not include the amounts estimated on farms and which will be announced later. The stocks just given were the heaviest since end of World War II.

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CHICAGO, 4

August 11, 1953

The question of marketing quotas is still uppermost in the minds of grain traders. Other factors, of course, play their importance, as they have in the past, but probably not as much attention will be paid to the government report issued after the close of the market this afternoon as would otherwise be the case. Naturally, if there are any sharp reductions in the spring wheat crop, it would influence prices, but it is generally assumed that production will be somewhere in the neighborhood of 300 million bu, which would be quite a reduction from last month, but it may be partially offset by better yields in winter wheat.

On August 8th, there was a question and answer program over the National Farm and Home Hour, in which Mr. Benson told of the questions and issues at stake in the coming referendum. He explained that if two-thirds or more of those who vote next Friday favor quotas, they will be in effect for the 1954 crop. He also explained that all wheat producers who would be affected by the marketing quotas would be eligible to vote. Quotas will apply on all farms with more than 15 acres wheat for 1954, and with normal production of more than 200 bu. There are a little more than 2 million farms on which wheat is produced. However, his men estimate that around 800,000 of these will be in the category of 15 acres or more, and, therefore, subject to the quotas and likewise eligible to vote. If the ballot is a favorable one, marketing quotas for 1954 will be binding on all farms with more than 15 acres wheat. Any farmer who exceeds his quota will be subject to a penalty of 45% of the parity price on his excess wheat. Price support loans,at present 90% of parity, will be available for those who stay within their acreage allotments. If the vote is "no" there will be no quotas with their marketing penalties. However, the price support will drop to 50% of parity for cooperators-- those who stay within their acreage allotments. The law requires the establishment of wheat acreage allotments each year unless they are suspended because of emergencies. A farmer must plant within his acreage allotment to be eligible for price support-- whether it is 90 or 50% of parity.

The Secretary said: "The individual farmer's marketing quota is his actual production from his allotted acres. He may market all the wheat he can grow from those acres. If he plants more than his acreage allotment, the production from his extra acres is his excess wheat -- on which he must pay a panalty. Wheat farmers will be voting on marketing quotas, but quotas and acreage allotments go together in the operation of the program."

Primary receipts of wheat were 1 3/4 million bu, which was about the same as last week and compared with 2 1/2 million bu last year. There was practically no change in the net stocks for Kansas City and Minneapolis during the week.

Markets fluctuated rather widely and before a more stabilized situation set in wheat and corn futures made new lows on the crop but there were some recoveries on the possibility that declines had been overdone and that the referendum would probably be favorably accepted by the farmer. There were, however, other factors. It seems that the Rust Prevention Association is not talking very encouragingly about wheat prospects in the Northwest and one of our friends also felt that the further rains which were experienced during the past week had been detrimental through most of Minnesota eastern South Dakota, and eastern North Dakota. What is wanted now is a period of dry weather in order to get the crop in. We shall know more about indications this afternoon when the government figures are given, but meanwhile, it can be said that in some of the western areas rains were heavy enough to hold up harvesting operations It will take a couple of days now of good warm weather to put the grain in condition before it can be gathered. Despite the high premiums being paid for corn, the yellow cereal did not act very well and new lows were recorded. The milling demand, while showing some improvement, could not be considered very encouraging in view of the sharp price declines that have taken place.

Beans were a little higher and there was some talk of export sales that may have taken place, but this was rather vague. Minneapolis wheat futures were extremely strong at one time but there must have been profit-taking and best prices did not hold.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 August 12, 1953

After the close of the market yesterday, the government crop report was issued, and production figures showed an over-all increase in wheat over the previous month even though the spring crop had been materially reduced. An estimate of 324.5 million bu all spring wheat was not as big a reduction as had been expected in some quarters, and certainly there was no basis for considering that this would be a calamity crop. What probably surprised traders just as much was that the winter wheat estimates had been raised substantially, and there was an increase of 40 million bu for the states of Kansas, Nebraska, Texas, and Oklahoma, with yields now figured at 333 million bu, which, while not large, is certainly an improvement over preliminary figures. There was an increase of 18 million bu in the six red winter wheat states, comprising Illinois, Indiana, Michigan, Ohio, Missouri, and Pennsylvania. According to the report put out last evening there is 269 million bu in prospect for this central area, and while we cannot be sure of it, we believe that it is probably the largest production that has ever been realized in those states.

When our market opened this morning, prices were somewhat lower, reflecting a little bearish feeling as a result of the report, but having had a sharp break now for other reasons the market must have been fairly well liquidated, and we feel pretty certain that there is probably more attention being paid to other factors, particularly the coming referendum on Friday. Representative Hope warned wheat farmers that Congress will not bail them out if they reject government production controls, and stated that the recent sharp drop in wheat prices should be a lesson to producers in determining their action in the coming election. In an interview, he pointed out that if farmers vote down the program, there will for all practical purposes be no price support on the 1954 crop, and that the record high supply will drive prices to very low levels. While there can be no absolute certainty as to how the 800,000 farmers will cast their ballots, there seems at least a degree of optimism that an affirmative vote will carry which would continue high parity loans for another year.

The report on corn showed a probable crop of 3,330 million bu, which was a small reduction from the month before, but still nearly 300 million bu more than for the ten-year average period, (1942-51).

The drought in the Southwest was broken in some sections and relieved in others by good July rains. Apparently this was the reason for some improvement in pastures and ranges, and it also encouraged planting of sorghums and broom corn. The sorghum crop, while not a sizeable one, looks to be larger than last year's harvest. A soybean crop of 295 million bu is now foreseen and if realized this will be a near record outturn. The crop has made better than usual progress rather generally but the one cereal that did not respond well was oats, and the indicated outturn of 1,231 million bu is down sharply from that of July. Yields improved in Ohio and the Northeast but declined slightly in the west, with sharp reductions in several states in the important north central area.

Primary receipts of wheat were down to 896 million bu compared with a little over a million bu last week and 1.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 73,000 bu.

There was not too much feature to the market. With a total winter and spring wheat crop of 1,203 million bu added to a carryover of nearly 560 million bu, we have a total supply in this country of 1,763 million bu, which, of course, is very large, particularly since domestic disappearance plus exports may not account for over a billion bu. Therefore, a large increase in the reserve stock is in sight next July.

There was some slight improvement in flour demand but volume is still not encouraging. The main issue is still the referendum, and a good many people are undoubtedly hesitating to take larger positions, pending the outcome of the vote.

Weather in Europe has turned clear and ripening of wheat is reported, which should facilitate harvesting operations. The indicated wheat crop for Great Britain is 90 million bu, which is somewhat larger than last season. The impression is that the French wheat crop will be very satisfactory, but no new estimates have been given; the last official forecast was 302 million bu when a report was made three weeks or so ago. The Italian wheat crop may turn out better than the government estimate of 308 million bu, according to Broomhall. Weather in Germany has improved after a rainy spell.

Corn futures were very strong, being influenced by smaller receipts and exceptionally strong premiums. Oats were indifferent, while the market in Minneapolis was slightly lower.

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CHICAGO, 4

August 13, 1953

Little attention is being paid to routine news. Everybody appreciates that the statistical position of wheat is weak, and when we consider that the average ten-year production in this country was only 740 million bu prior to the war, and that we shall probably have a carryover reserve of more than that figure next July, one can easily see that accumulations are piling up. Even with an increasing population we used to figure that a reserve stock of 235 million bu at the end of the season was enough. However, the amounts have been gaining for some time, and this was not too much of a market factor for a time, probably for the reason that large quantities were going into the loan. As a matter of fact, we think that this is still the case.

The government is always late in giving data on impoundings and on defaults. We still do not know how much of the 455 million bu that was under the loan last season had been redeemed, although our guess is that only small quantities came out because of the drop in values. We have a figure now showing 46 million bu wheat impounded from the 1953 crop. That included everything reported up to July 15th, and there was no comparable figure for last season, although by August 15th a year ago 169 million bu had been placed under the loan. It is pretty certain that with the present decline in price, impoundings will be tremendous if storage space can be found, and this may finally be a market influence, although for the moment most attention is being directed to the farm referendum to be held tomorrow.

We ourselves are urging great caution because it is still a very uncertain debate. While we do not pay too much attention to an editorial that was printed in the Minneapolis Tribune, we do believe that a good many people became nervous over its contents, a summary of which is printed herewith: "A Minnesota poll survey of farmers shows 49% against and 37% in favor of controls. Also a nation-wide survey by Country Gentleman magazine found farmers split 50-50. It is pointed out, however, that neither of these surveys can be accepted as indicative of how the 800,000 eligible producers will vote." We do not believe that this was in direct response as to how farmers were going to vote tomorrow, but it does at least indicate that controls of various sorts have not been favorably accepted by all producers, although many controls have been partially condoned because of the high loans that have been received under the parity formula for the basic crops.

U.S. wheat and flour shipments for the week were 6.6 million bu, according to Broomhall. This brings the total for the season to 30 3/4 million bu compared with 23 1/4 million a year ago. The clearances of corn during the past week were 1 1/2 million bu and since October 1st, we have shipped 115 million bu compared with only 65 million last season. Soybean exports for the season have totaled 27 million, which is more than twice as much as we shipped a year ago.

Primary receipts of wheat were 1,385,000 bu, which was a little more than last week and compared with 2,801,000 bu last year. In these figures Wichita, Kansas data was missing. Kansas City and Minneapolis stocks so far this week show a net decrease of 223,000 bu.

Our market was extremely weak during the forepart of the session, but the selling may have been overdone; later reactions gave us a substantial recovery. There is still a very good chance that farmers both in the Northwest and in the Southwest who have used the loan so extensively over the years will vote affirmatively on the referendum, but there is not quite the same assurance that producers in the central states or those in the East will follow suit. This makes it look as though final results may be fairly close.

There was some improvement in milling demand and futures were bought in Kansas City, which also helped here. On the other hand, there is not much being sold for export and commercial business in the pit has been rather light. The spot market for corn was again very strong and with these big premiums corn had a fairly good undertone; in fact, even when wheat was weak the yellow cereal held up quite well. Oats have been somewhat indifferent and this may be due to the fact that sentiment has been predominantly bullish, and the cash demand out of this market is not particularly good. A small amount of Canadian oats arrived here but we doubt whether the business from that direction will be nearly as sizeable as it was last season.

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CHICAGO, 4

August 14, 1953

While this letter is being written, wheat farmers of the nation are casting their ballots on the important question of whether smaller acreages will be planted than last year owing to the fact that the Secretary of Agriculture has proclaimed a national acreage allotment under the provisions of the AAA of 1938, as amended. He was required to follow certain legal formulae in determining whether quotas were necessary. Because of the sizeable carryover and the large crops that were raised this year, he apparently had no other alternative. On previous occasions a national emergency had existed, but now we are no longer at war in Korea. It looks as though our next carryover in wheat would probably be the largest in the history of the country. It was a foregone conclusion that some action would have to be taken, although the final decision still rests with producers, and if they vote against controls they will necessarily have to make sacrifices by accepting a 50% of parity loan compared to the 90% loan presently in effect. In other words, producers have the final voice in determining whether the marketing quota program will be put into operation for the 1954 crop. Individual marketing quotas are based on acres-- not bushels. Generally speaking, the marketing quota for an individual farm is the quantity of wheat produced on the farm acreage allotment.

Before our market opened this morning, there was not too much to guide it. The Winnipeg Free Press had estimated wheat production for the three western provinces at 542 million bu, which would indicate about 570 million bu for the entirel country. This is certainly more than had been expected and would rank as one of the largest yields in recent years, although it was exceeded last season. Inasmuch as Canada consumes only about 150 million bu at home, it will give them a very large surplus, particularly in view of the big carryover. Later in the day there will be an official estimate, but in the past the Free Press has been quite accurage in appraising crop conditions. European crops are apparently improving and it has been quite warm and clear, which has made harvesting operations easier after so much rain had lodged crops in many areas.

The writer spent last evening with the Italian Trade Commissioner, who spoke very encouragingly of his country's crops, although some imports will still be needed to make up deficiencies. It seems that Turkey, Russia, and the Argentine are arranging certain barter deals with any importing country willing to listen. It is not expected that Argentine wheat acreage will show much of an increase, as there have been some delays in planting due to weather and to labor shortages. On the other hand, the Australian crop will be larger than last season, but dryness over a wide area may result in substantial abandonment. Broomhall also reports that recent heavy rains in India have virtually assured excellent native crops. Whatever damage occurred from flooding in the northeast has been offset by improvement elsewhere.

Primary receipts of wheat were 1 1/4 million bu, which was slightly more than last week but only about half as much as last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 333 million bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last season of 7.3 million bu.

Our market continued nervous but shorts in wheat were more apprehensive than longs. Recent liquidation in the market has been pretty thorough and this may have accounted for the change in psychology today, although it is still not easy to say how the vote on the referendum will come out, but in some sections of the Southwest they seem to be rather impressed by the affirmative attitude on part of farmers, at least by those who are willing to talk. It is a secret ballot, and, therefore, nobody will be able to be entirely certain until results are officially given.

Spot corn continued to be in good demand but this did not have too much influence on the futures market. Weather is still satisfactory and the outlook is for a fine yield. At the same time government selling of corn has subsided, and there is no pressure from the country. There was relative weakness in Minneapolis, insofar as wheat futures were concerned. It seems that one large elevator concern was hedging and it looks more like deliveries than heretofore. Milling business became better yesterday on the sharp break but apparently bakers were unwilling to follow the advance.

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CHICAGO, 4 August 17, 1953

Last Friday the wheat farmers of this country went to the polls and cast an overwhelming majority of votes for continuation of high supports, which also meant that they would have to endure reductions in acreage for the 1954 season. Because of the heavy short-covering that had occurred at end of last week, there was surprisingly little excitement here this morning, although some of the bullish feeling may have been tempered by the bearish statistics surrounding our supply situation, particularly in this country and in Canada.

When our last government report was issued, the spring wheat crop showed up surprisingly well considering some of the pessimism that prevailed, and it is now apparent that while we had some rust damage in the spring wheat districts on both sides of the international line, it was far from a calamity. The official Canadian estimate is for a crop of 603.7 million bu, and the yield per acre is estimated at 23.7 compared with 26.5 per acre last year. This shows some reduction but certainly not a great deal in view of the various statements that had been circulated about rust damage in Manitoba and southeast Saskatchewan, and, indeed, we have seen private reports that were not nearly as optimistic, nor did they suggest another bumper crop soon to be harvested. It is true that last season Canada had the largest yield in the history of that country, having grown 688 million bu wheat. However, the average for the past ten years is only 410 million bu. Thus it can be seen that with the very large carryover reserve, they are going to have quite a problem, and we should not be at all surprised to find heavy competition with that country. The Canadian oat crop was estimated at 402 million cu compared with 466 million bu last year and a reduction of about that size had been fully expected. However, their rye crop is now forecast at 29.6 million bu compared with 24.5 million bu last season, and for that reason we may well expect fairly large imports again as Canada uses only small amounts domestically. Judging from European crop reports the rye demand from abroad is not apt to be very important.

There was some rain in the Southwest and indications are that more will occur over Oklahoma and Texas; in fact, the panhandle districts have had some very heavy rains over scattered areas, and this will undoubtedly be helpful to the sorghum crop. Our weather man also looks for possible moisture in Nebraska but the corn belt will be mostly dry.

From now on more attention will be directed to statistics and to the problem of surpluses . Very likely farm leaders, possibly politicians, will interpret the farm vote as meaning that high supports are mandatory over the longer period, but whether this is going to change thinking in the Department of Agriculture on the question of flexible supports remains to be seen. As matters stood, there was a choice of whether the loan should have been $1.21 a bu or maintained at the present level.This was almost too much of a difference to have brought about anything but a one-sided vote. Nevertheless, there must still be many producers who recognize that a parity loan of 75 to 80% might still be attractive without building up the tremendous surpluses which now face us, and which may not even be corrected through acreage reduction alone. Furthermore, we are learning that it is difficult to export large quantities of wheat even through the granting of subsidies; thus our problems have not been fully resolved even though temporarily farmers are willing to take some of their land out of wheat production. Should they plant it to other cereals, we are almost bound to have difficulties on commodities, which at the present time seem to be more in balance.

When the visible supply of wheat was posted, there was an increase of about a million bu., much smaller than last year. Total stocks in all positions are 314.6 million bu. vs 263.6 million bu. in 1952. Here in Chicago there was an increase of 297,000 bu., making the total 19 1/4 million bu. The U. S. corn visible increased 158,000 bu. and there was a nominal increase in oats, while beans decreased 613,000 bu.

Trade was rather large at the opening and there was considerable buying. However, there was no real enthusiasm, and as a matter of fact there has been a disappointing demand both for export and domestically for a considerable length of time. Mills did only a trifling amount of business over the week-end, according to The Southwestern Miller, and before long spring wheat will move in greater volume. There were 659 cars wheat in Minneapolis this morning and their cash wheat market was heavy with 13% protein and lower quoted 3 to 5¢ under Friday's price.

Minneapolis futures were weak, even while our market was fairly firm. Corn showed reactionary tendencies, while all bean futures made new low marks for the season. Weather seems to continue very satisfactory, and the demand is slow.

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CHICAGO, 4

August 18, 1953

The national debt is now more than $265 billion and the President has appealed to the heads of all governmental departments to try to cut expenditures so that the debt limit will not have to be raised either by special session of Congress or when the Congress reconvenes in January. The Director of the Bureau of the Budget has claimed that it is the policy to reduce the number of government employees, also to proceed only with those projects which are deemed clearly essential, and to operate at a minimum level of cost and expenditures. If all this can be accomplished it may be slightly deflationary. Of the two evils it still seems that deflation is more dreaded than inflation, irrespective of the subtleconsequences. In other words, inflation has the outward appearance of a bright economy in that we generally have full employment rising prices, and forward buying of commodities. Deflation makes people more conservative, but by the same token it provides greater buying power of the dollar and eases the problem of people who have struggled to save enough to provide an income for their old age. We have witnessed a period of rapid inflation during the past ten years, which has taken about 50¢ out of each dollar that frugal citizens had saved during earlier years. We have also witnessed a situation whereby orphanages, hospitals, colleges, and other endowed institutions have suffered proportionate losses in financial support from past endowments through lessened buying power. There is no easy way to correct our fiscal excesses of past years, but certainly every American must do his part to discourage unnecessary federal expenditures in the future, even though temporarily government spending may bring remuneration to certain segments of our population. Curtailment of spending and the elimination of waste would certainly be steps in the right direction.

When our market opened this morning, prices were somewhat lower. There was a good deal of discouragement that the buying power had been so feeble yesterday after the marketing quotas had been favorably voted. The reason we believe is that there is so much wheat on the North American Continent, and if the Canadian crop comes up to present expectations they may, after taking into account the large carryover reserve, have 800 million bu for export or the following year's carryover. This, of course, is bound to give us a great amount of competition, although it was reported that Japan had bought 2 cargoes of Pacific Coast wheat this morning, and also 2 cargoes soft wheat via the Atlantic. Japan had postponed purchases in Canada. There was some covering of hedges here by a prominent export house and this rallied the market shortly after the opening break.

Crop news from the Northwest is fairly optimistic, although some of the good returns are on the early wheat, but test weight is running 58 to 62 lbs in many sections, and yields all the way from 15 to 35 bu to the acre. It is figured, however, that rust will show its damage on the later grain, but, nevertheless, a friend of ours feels optimistic that the government estimate may be sustained. It was a good week for maturing the crop and the start of harvesting.

There was some nice moisture in the Southwest. The Texas rains were extremely beneficial and in southwestern Oklahoma there was also fine moisture, with indication that more will occur in those sections and there probably will be some scattered showers in our Northwest, but it looks to be mostly clear over the corn belt.

Primary receipts of wheat were 1,384,000 bu. compared with 1,760,000 bu. last week and 2,491,000 bu. last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 183,000 bu.

Corn had a somewhat better undertone. There was some local buying and while reports from Central Illinois were still extremely good, it seems that rains could be used in the southern part of the State. The same is true in parts of Iowa and during the past six weeks southeast Iowa has received only 30% of normal precipitation, with variation within that area between 15 and 50%. There was some buying of September wheat against sales of the December by an elevator concern, possibly changing hedges over to the more deferred month. There is 11.9 million bu.wheat in Chicago in the contract stocks, which includes 9 1/4 million bu. No. 2 Red Winter Wheat.

Mills are still complaining that the flour business is light, and this refers to the spring wheat varieties as well as hard and soft winters.

The wheat market tried to rally at times but trade was rather dull, and there was not enough new buying to give the market sufficient impetus although new pressure from the country is light, and it will probably take a little time yet before receipts in the Northwest increase to any extent. Beans showed some recovery but the demand for cash meal is still slow.

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CHICAGO, 4 August 19, 1953

The Canadian carryover figures were published by the Dominion Government late yesterday afternoon, and disclosed tremendous reserves of both wheat and rye. On basis of these new estimates, it looks as though Canada had a total wheat supply on August 1st of 966 million bu, and a rye supply of nearly 46 million bu, which is bound to give us tremendous competition during the current season. Canada only uses a few million bu rye for its domestic consumption, and with European demand slow, it looks as though the U. S. would import rather heavily again from that country. This was responsible for new low figures on all rye futures this morning, and even with only moderate crops raised in this country, we cannot escape from the bearish Canadian situation. Taking the statistics for North America on basis of the official data now at hand, it looks as though the total wheat supply for the two North American countries would approximate 2,728 million bu. Our domestic disappearance has been running in the neighborhood of 700 million bu, which will probably be 20 million bu less, due to the fact that 16 million acres are to be taken out of production; therefore, the amount for seed will be cut down. If we assume that Canadian disappearance for home usage is 150 million bu, it would mean that the U. S. and Canada would have about 1,898 million bu wheat for export or next carryover. This is certainly more than we ever had to deal with on previous occasions.

Our market opened quite weak although the declines in Kansas City and Minneapolis were not fully shared. Secretary Benson has urged wheat farmers to place their grain under the government support program instead of sacrificing it at what he termed "low market prices." He called attention to the fact that in addition to the regular loans at 90% of parity, his Department was making temporary loans on wheat stored on the ground in areas where storage was short and was also making loans on light-weight wheat in areas affected by stem rust. The latter, of course, could bring about artificial influences, and we believe that some of these are already being felt, particularly in Kansas and Minneapolis areas, with the result that prices, including premiums, will probably have to be at a sufficiently high level to keep grain in commercial channels. As for the red wheat, it could easily be a different picture, but the over-all situation is still far from favorable, as our export market is bound to be affected because of the tremendous Canadian surpluses, although it must also be borne in mind that their export shipments will be curtailed to some extent by the ability to get wheat from country points to the seaboard. There are only two major railroads in that country: namely, the Canadian National and the Canadian Pacific, and there is a limit to how much grain can be carried to port destinations.

There were a few rains in our Southwest and some scattered showers are still in prospect, also a few showers are likely for the spring wheat areas, but it probably will be clear over the corn belt with rather cool temperatures.

The carryover of oats in Canada amounted to 136.5 million bu and barley 106.4 million bu. Both of these figures were larger than last season and considerably more than the ten-year average.

Primary receipts of wheat were 934,000 bu, which compared with 896 million bu last week and 1,131,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 305,000 bu.

In today's trade the sharpest declines occurred in rye and in wheat, and in fact, the rye prices here were even weaker than they were in Canada. There was very little commercial business in the wheat pit, and as a matter of fact, flour sales continued exceptionally small, although possibly a little pick-up in the volume of soft winters. This, according to The Southwestern Miller, was due principally to the cracker and cookie bakers. Corn held relatively firm and it was reported that India had purchased 360,000 bu of our corn for shipment during the last half of October. There was some speculative buying of futures but new trade was rather light in that direction and chances are that the reports from Canada put a damper on buying enthusiasm. Beans were lower but there was no special feature in that pit, except gradual liquidation.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 20, 1953

During the past eighteen months countless records have been broken in Canada. Through the winter of 1951 there was probably more wheat left in the fields on Canadian farms than ever before in history. The cold weather and snows which had set in early had prevented normal Fall harvesting operations. Fortunately when Spring came a period of unusual weather prevailed and the crops were gathered with a minimum of loss, which also constituted another record. This was followed by almost perfect weather and the 1952 wheat crop yielded a total production of 688 million bu. for the whole of Canada, including 664 million bu. for the Prairie Provinces. A yield of 26.5 bu. to the acre for all of Canada and 26.3 bu. for the Prairies broke all previous records. Next came the astonishingly large deliveries by Prairie farmers and by some miracle they were able to bring forward from their farms to country elevators 811.4 million bu. all grains, which included 522 million bu. wheat. From there on the deliveries by country elevators and finally the transportation by railroads to terminals carried 742 million bu. of all grains, which was a high figure for all time. No less disappointing were the heavy shipments of Canadian grains either to overseas destinations or to the U. S. A. 578 million bu. of all grain left the country, of which 381 million bu. was wheat and flour alone, which enabled Canada to regain her old-time title as the world's largest exporter of wheat and flour. For much of the above information we are indebted to the Searle Grain Company, Ltd., of Canada. Now with her wheat supply of about 966 million bu. including crop and carryover she faces another Herculean task of trying to cut down reserve stocks. A total rye supply of 46 million bu. is all the more complicated by the tremendous production in Argentine, owing to the fact that the latter country raised 51 million bu. compared with only about 15 million in previous years. The surplus is expected to be in the vicinity of 30 million bu., and already 200,000 tons has been sold to Germany under a trade agreement.

Exploratory discussions have taken up the question of a two-price marketing system and a Special Advisory Committee of the Wheat Industry Conference is concerning itself with thoughts of the various problems involved. The Committee, which is purely advisory was of the belief that it might be wise for wheat to move freely in the world market to eliminate the need for costly export payments, and for excessive government inventories of wheat, but would at the same time make possible a full parity rate to producers on that part of the wheat crop which moved into domestic food consumption. It was also felt that consumers of wheat and wheat products under this program would pay no more than under effective operation of existing price support programs. Of course, any large surpluses would not become implemented through government aid, but in years of overproduction it is our opinion that farmers in this country would curtail acreages voluntarily if it did not pay them to sell in the export market. By the same token it would diversify farm practices.

There was some wonderful rain again in parts of the Texas Panhandle, which should be extremely beneficial for the sorghum crop. In Canada weather continued warm and dry, which is promoting crop development, and in our Northwest there were a few scattered showers.

Weekly shipments of wheat and flour, according to Broomhall were 3.8 million bu. The total since July 1st is 35 1/2 million vs 33 1/2 million bu. a year ago. During the week, Canada shipped 5 1 /4 million bu.

Primary receipts of wheat were 1 1/4 million bu., which was slightly smaller than last week and compared with 2 1/4 million bu. last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 417,000 bu.

Trade was much smaller today than recently. There was a little buying in wheat and a Northwest hedger bought in September on frequent occasions, possibly due to the fact that red wheat seems to be very tightly held in the country east of Chicago. Whether or not this is due to heavy impoundings is still a question, but in any event there is no pressure and cash wheat is not available to the trade on a big scale.

Portugal was supposed to have bought a cargo of red wheat via the gulf, and it is thought likely that Germany will buy 100,000 tons red wheat next week and possibly 50,000 tons hard winters.

The bulge in wheat was not maintained, possibly due to profit-taking. Oats were very weak but this did not have too much influence on the corn market. Soybeans were a shade better and many feel that the continued strength in lard is preventing sharper breaks in the bean market. Canadian rye made new crop lows.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
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COMMODITY EXCHANGE INC.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 21, 1953

Within a few months or so the Liverpool Corn Trade Association will reopen for business. It is a happy coincidence--perhaps a portent--that in this year of its centenary the British Government has at length decided to grant a measure of freedom to the grain trade. This decision has been made despite the persisting shortage of dollars, the International Wheat Agreement, and controls in exporting countries. The grain trade of England had never lost faith in a free and open market for their products. The step soon to be taken is not just a means of a small group earning a livelihood, but a means whereby they may best serve their fellowmen and help in some small way to improve their country's standard of life. A new Corn Exchange, the foundation stone of which was laid by Lord Woolton on June 19th of this year, is a visible symbol of the present generation's faith in the future and of a determination to carry on worthily in their high calling.

Liverpool before the war always enjoyed a vital sea-borne trade. It was possibly for this reason that she was subjected to intense air-raid bombs, shortly after the war started. Very early in the great raid, the old Exchange Building was destroyed. The riverside corner of the building, in Brunswick Street-Drury Lane, received a direct hit by a high explosive bomb on the night of May 2, 1940, and the next day the destruction was completed by incendiary bombs, which reduced the building to rubble.

The British are an enterprising and remarkable people. During the successive air raids on Liverpool and Manchester, considerable damage was caused to sheds and elevators storing grain. However, on only two occasions was there any serious loss of grain. During the war there was no possibility of employing orthodox methods of preserving the quality of wheat, corn, and other cereals. There was no way even of turning the grain over and aerating it. In those circumstances carbon dioxide was employed and it was used in solid blocks and put in with the wheat; subsequently, it turned into gas which proved an effective preserving agent. Thus temperatures were reduced to a point where germination could not occur. To a people of such stamina and character, we wish the greatest success in carrying out the objectives which they now seek.

When our market opened this morning there were a good many conflicting factors that one had to consider. The recent heavy liquidation in wheat was occasioned by burdensome supplies of red wheat and accumulations in Chicago. However, as the market fell farmers discontinued offering their grain, and it is rather difficult in many parts of the country, particularly east of Chicago, to buy soft wheat. Whether this type of grain will finally go into loan remains to be seen. Perhaps it is only being held for better prices, but the effect is the same in that there is no pressure.

One of the large elevator concerns in the Northwest had been a big buyer of September wheat yesterday and this morning they sold May wheat, which had a tendency to narrow carrying-charge spreads further. While all this was going on oats and rye continued their downward path. We find that even with the long haul Argentina shipped 138,000 bu oats to the U.S. during the past week, which makes a total of 551,000 bu for the season. Larger quantities will undoubtedly come here from Canada. The great weakness in rye is due in part to the big crop in Argentina and to the tremendous available stocks in Canada, with imports from there likely to affect us further unless there is an improved foreign demand. France bought 3 cargoes corn for last half September shipment, partly via the Atlantic and some from the gulf.

There is no moisture looked for in the corn belt during the next thirty-six hours, although the five-day weather outlook is a little more optimistic for some rain that may start Monday. In some sections complaints are heard of a dry top soil condition. There had been a few light showers in the Northwest, with possibly more to come, but on the whole weather is exceptionally favorable. In Canada there has been a week or ten days of phenomenal crop development, temperatures running 85 to 90 in most areas, particularly in the north where there is always the most fear of an early frost.

The primary movement of wheat was a little larger than last week but smaller than last year. The visible on Monday will compare with an increase of 6 1/2 million bu last season.

September corn and September beans were very strong but most other markets did not show the same net changes for the day. September rye during the day sold $1 per bu less than at the high point of the season. BAE anticipates a wheat carry over of 800 million bu next July.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1953.

We hear a good deal of political comment that high parity loans are almost a mandate owing to the fact that farmers showed their approval by a thumping 7 to 1 ratio a week or ten days ago in approving marketing quotas. The referendum was mainly a ballot to determine whether the 90% loan should remain in effect, or whether the farmer would be content to have it drastically cut. It is difficult to say whether the result of the vote will have much influence on future legislation, but, of course, with the elections coming up in 1954, it is almost a foregone conclusion that the farmer's interests are to be closely safeguarded.

It has been pointed out by one economist that if the people of the nation are willing to accept the theory that domestic prices should rule high in order to bring about greater prosperity for the farmer, there is still no reason to snarl up markets and the general price system by piling up burdensome surpluses, which are apt to deteriorate.

There has been a different type of program introduced, which is widely known as the two-price system. Under its terms, wheat, corn, or any commodity would sell for its intrinsic value, but there would be a higher level for domestic markets through the payment of subsidies by processors, millers, etc., and at the same time lower prices would exist for exports. To be more specific, the individual farmer would receive an allotment for his proportionate share of wheat sold for domestic food purposes. For that allotment he would be given a certificate redeemable in cash by the CCC for the difference between the market price for wheat and the parity price. All wheat which was grown in addition to the domestic allotment would be sold by the farmer in the open market, and for whatever price it might fetch. There could of course, be some supports at a low level to prevent undue hardships, but in any case our wheat would move freely in the market. While it would require legislation, the theory behind the plan is that there would not be the heavy accumulations, such as we have had in wheat and corn during the past few years. Those surpluses have caused many headaches, because finally they have to be reduced. Each time that the CCC threatened to sell in the open market there was not only confusion but general disagreement on the methods to be employed. It is difficult to say whether the latter plan has any political acceptance, but, of course, the big problem is to find a way that the nation can have a large and economical food supply with equitable incomes in agriculture without unwieldy surpluses.

When our market opened this morning prices were firm, although there was subsequent selling which was short-lived. Minneapolis receipts of wheat were less than 1,000 cars, and a considerably larger movement had been expected. This apparently created disappointment, and the northwest market became strong, from which we took our cue. There had been no rain over the corn belt, and some traders are of the opinion that a good soaking moisture would be very helpful both for corn and beans, even though the crop has progressed quite satisfactorily, and about the only real danger now is an early frost. Our downstate offices see no harm from present dry spell.

There were 420 cars of wheat at Kansas City today, a part of them went for storage, and there was certainly no weakness in their cash basis. Everyone admits that the country is selling practically nothing at the present time. Ireland bought 5,500 tons of #2 yellow corn via the Atlantic, but there was no large amount of hedge covering.

President Eisenhower will probably sit on the Tariff Commission report on oat import controls. Thus far it has been considered likely that we would try to uphold our international trade alliances.

Some fine moisture was reported in the western parts of the Southwest, with the Texas Panhandle favored, also some good precipitation around Guymon, Okla., which is a large wheat producing area. Light scattered showers in Canada were over looked, probably due to warm weather, which is satisfactory for crop development.

When the visible supply of wheat was posted we had the first decrease in months --it amounted to 386,000 bu, but still leaves 314 million bu in all positions compared with only 270 million bu last year. Chicago stocks showed a small increase with 19.3 million bu in this market. The U.S. corn visible decreased 205,000 bu, and the oat visible decreased 122,000 bu.

Markets were all very firm, rye went into new low ground early, but also recovered. There was a sharp advance in beans, and the nearby delivery is selling at a big premium over later months. Much will depend on how early the crop is ready to harvest. Corn shows the effect of heavy impoundings. UHLMANN GRAIN CC

CHICAGO, 4 August 25, 1953

For the first time in fourteen years the handling of wheat by British mills will soon be returned to private hands. The government still has rather large supplies available and will turn this wheat over to the mills to grind. We understand that this has been one of the reasons for the small export shipments from Canada during the past week or two, apparently accumulations are being used up before additional quantities are privately purchased. It is difficult to say at what price Britain will be able to buy its wheat outside IWA, but undoubtedly there is not much worry on that score. Canada has raised tremendous crops in the past several seasons, with supplies large, and since England is one of their best consumers, we think that some mutually satisfactory arrangement will have to be found.

Here at home we have our own problems. While it is true that impoundings under the loan will probably be very heavy, we cannot overlook the warning from BAE that on July 1, 1954, we may be faced with a carryover reserve of 800 million bu wheat, and even with the reduction in acreages there is not much chance of improving the statistical position for the following year. If the seeded acreage approximates the national allotment of 62 million, and if yields come up to the average of 1943-52, we could easily expect a crop of 950 million bu to be produced next summer. Usage of wheat domestically is likely to be about the same as in recent years, which has been around 700 million bu, although with smaller acreages there may be some slight saving.

Exports, however, are likely to be lower. The recovery of farm production in importing countries since the war ended and the large supplies in other exporting countries have reduced the demand for U. S. wheat. The outlook is for shipments to range somewhere between 200 and 300 million bu, and if they fall in the middle of that range it would mean that total disappearance would be just about equal what we are likely to produce. Thus a reserve stock of 800 million bu for the next two years is not only likely, but will be far higher than in any other year. Under these circumstances, one cannot completely ignore the portent even granting that artificial influences may have a temporary bearing on markets.

Domestic supplies of rye for the 1953-54 marketing year are estimated at 23.7 million bu, which is 4 million larger than last year, but 2.5 million smaller than two years ago. The crop this season was estimated at only 17.5 million bu on August 1st, which is the third smallest in seventy-eight years. On the other hand the domestic disappearance has been shrinking, and we are using only about 19 million bu, while the export demand has fallen off sharply as compared with former times. Chances are that next July we shall have about 6 1/2 million bu in the reserve stock, depending to some extent on the size of imports from Canada. With prices so low there is some likelihood that large quantities may be placed under price support. This, of course, could have a strengthening effect on the market as we get along into the season, but from a statistical point of view we feel about the same as in wheat--that there is nothing very bullish. Furthermore, the rye acreage in the summer of 1954 may be somewhat higher owing to the fact that farmers are going to reduce their wheat plantings.

Secretary Benson continues to call for a greatly expanded program of agricultural research and education. He believes that the ultimate solution of marketing problems lies in lower costs of production, more efficiency in marketing, and a balance of production with kinds and amounts of products that consumers want and will buy at equitable prices.

Primary receipts of wheat today amounted to 1.6 million bu which compared with 1.3 million last week, and 2.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 74,000 bu.

Markets in the main were strong, but the exceptions were lard and September corn. The BAE predicts that the demand for soybean oil is likely to keep up well through September owing to the fact that CCC owns nearly all of the cottonseed oil. They also said that when the bean season ends next September 30th stocks will be only slightly larger than the usual 3 or 4 million bu.

There was some export business in wheat, Holland having taken a cargo via the Gulf, and some parcels of corn. The main influence in corn, however, was the fear of dry weather, with the five-day forecast not offering much inspiration for relief. It seems that where we have had the prolonged dry spell moisture reserves are low, and this may have some influence on both corn and beans. There is undoubtedly some damage taking place with Missouri probably more affected than other states. In Iowa, corn prospects remain excellent where there has been sufficient rainfall, but there has been a decline in condition in the southern part of the state. Rain is also needed in parts of Ohio and in southern Illinois. Minneapolis wheat strength affected us.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 26, 1953.

Ordinarily when we have a situation in this country where the premium market in wheat is strong, both in the Northwest and in the Southwest, it is either the result of a particularly large milling or export demand, or else the strength emanates from a supply situation with small quantities of wheat on hand, so that the buying is stimulated by fears of scarcity. At the present time, it is difficult to say that either of these conditions exist except in a relative way. There have been a few occasions when flour buyers have come into the market to satisfy their immediate demands, but at no time has there been a real aggressive attitude on part of purchasers to lay in stocks for a long period ahead, nor can we sincerely admit with a crop and carryover of 1,762 million bu that there is any actual shortage of supplies. As a matter of fact, never before in history has there been this much wheat on hand. The largest previous record was in 1942 when we had a total of 1,600 million bu wheat, and possibly then the pressure was greater owing to the fact that we were at war and it was not easy to export our surpluses.

The situation in which we presently find ourselves is somewhat tempered by the fact that wheat is selling far under the loan level in many parts of the country. With futures markets in Kansas City and in Minneapolis far below the support level, there have been partial offsets due to the fact that high premiums prevail, but even so there must be very large quantities that are being taken out of commercial supplies. We are still at some handicap in knowing what the actual figures are due to a time lag, and the government only gives us the figures on impounded stocks at irregular intervals. Nevertheless the tightness in cash wheat must definitely stem from this artificial influence; thus it makes forecasts more than usually difficult because of the contradictory arguments that naturally arise in the supply and demand equation.

On the one side we have the big supplies, which would ordinarily mean low prices and a bearish condition, but to the extent that this is offset by a holding tendency on part of the producer makes for a tempered sentiment. So at times we reach an impasse where there is no definite trend in either direction. By this we intend to say that when we get the extreme breaks, such as occurred in September wheat a few weeks ago at a price level of $1.75, both farm and speculative selling are definitely curbed, but as the market reacts to a point where offerings increase the turn is apt to be just as abrupt, and accordingly a market reaction sets in.

No doubt this morning's prices were influenced by some government figures calling attention to a record carryover, which is in prospect next July, and also, the fact that shorts had pretty well covered their commitments during the two or three days of advancing markets. It is not easy to determine whether the present dry spell over the corn belt has done or is doing much damage. We get conflicting views, and while ordinarily the crop is pretty well made by middle of August there are some who believe that the ears did not fill properly at the tips and that, consequently, there may be some reductions in yields when the next government report is made. One of our own offices supplies us with the information that there had been more complaints due to the drought in the past three days than previously and that damage was just beginning to show up. That party doubted whether beans had been generally hurt, although possibly the later ones did suffer. On the whole it was his view that the beans did not show the same adverse effects of weather as did corn.

Primary receipts of wheat were a little smaller at 922,000 bu compared with 934,000 bu last week, and 1,380,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 21,000 bu.

Our wheat market opened with a rather firm undertone, but the short covering of the past few days had apparently been pretty thorough and liquidation brought a decline of several cents per bu on a rather light volume of trade. Milling demand is still very slow, while exports are hardly mentioned. Winnipeg advised us that there were 147,000 bu of oats headed for Buffalo, 700,000 bu of barley to Milwaukee, and a cargo of rye is destined to South Chicago.

While corn was weak at one time it rallied, and there is still some doubt as to whether the recent weather has done any appreciabe amount of damage. There is some talk that the CCC is contemplating a change in its selling policy in beans, but we have no details.

Beans rallied partially after breaking rather sharply. There was a report that Germany had bought 54,000 tons soybeans for scattered shipment starting in October. The sale may not have emanated from this side, but may be covered here later.

UHLMANN GRAIN CO.

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DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 27, 1953

The minimum loan level for the 1954 crop will be announced in the near future. It is not expected to differ greatly from the 1953 crop loan, which is $2.21. Existing legislation provides for mandatory 90% of parity support to growers who plant within their acreage allotments. In recent years the government has established these minima prices in the fall of the year, so that irrespective of what the parity level may do later on the farmer still gets a very attractive loan at a guaranteed minimum level. We have dwelt quite a bit on the statistical situation of crops in the U. S. and have purposely done this because we feel that there are two forces in the market working against each other: the large supplies on the one hand, and the artificial factors on the other, through which large amounts of wheat are annually taken out of the commercial stock.

In Canada nature has been equally provident, and according to the latest figures of carryover and production, there is 966.5 million bu wheat on hand, 538.7 million bu oats, 389.6 million bu barley, 46 million bu rye, and 14.2 million bu flax, or a total of 1,955 million bu, which in one way or another must be dealt with. Unless a good export market can be found accumulations up there will increase to the future detriment of the farmer. During the past season domestic usage of wheat in Canada hasamounted to 160 million bu; disappearance of oats was 373 million bu, barley 145.5 million bu, rye 6.9 million bu, and flax 8.3 million bu. Clearances of wheat during the past twelve months, which were 387 million bu, constituted a near-record, having been exceeded only once before: namely, in the 1928-29 season, when 407.6 million bu was cleared from that country. Barley exports last season were a record, totaling 118.8 million bu, followed by substantial quantities of oats, rye and flax. We figure that with 966 million bu wheat on hand in Canada, and assuming the same domestic disappearance and large exports that occurred last season, they will be faced with a reserve stock next August of 420 million bu, which is almost three times the domestic requirements for that country.

The Agricultural Department told wheat farmers in western areas that they would be permitted to plant in excess of the 1954 acreage allotments but if they did so the wheat would have to be used as a cover crop or plowed under as fertilizer. This action followed requests from those western producers who had already prepared land for wheat seeding before they were informed of their 1954 allotments. In any case wheat must not be allowed to reach maturity and would be counted against the wheat acreage allotment of the farmer unless appropriate steps were taken.

When our market opened this morning, wheat prices were somewhat lower, and it seems rather difficult to inspire much enthusiasm on the constructive side of the market until we eat more into our reserves. Corn, however, was firm and there are quite a few people in Illinois who feel that while corn is ordinarily made by this time in August, there has been some damage already sustained, and that the next government report will show some reductions from the previous figure. Some believ that the deterioration is due more to blight or Stewart's disease rather than to the warm, dry weather. In beans there is not the same apprehension as the crop has com along pretty fast, and we are told that in the Jacksonville area some combining will take place tomorrow. Possibly the later plantings may be a little more susceptible to injury but in most cases there does not seem to be much concern.

We mentioned a few days ago in our market letter that inauguration of a futures market at Liverpool might soon become an actuality. A recent meeting was held to adopt an amended wheat and corn contract for future delivery, and to reconsider other by-laws of the Association. Agreement was reported but the Directors found it impracticable to reopen the hedging market for the time being.

Primary receipts of wheat were quite large at 1.8 million bu compared with 1.2 million last week and 1.6 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 143,000 bu.

Trade in wheat was not heavy, but the market was lower, and new buying was of a rather restricted character. There was hardly any flour business, and not much reported in export circles, although some grants were made to Western Germany fo the purchase of $4,800,000 worth of flour. Corn held pretty well, probably influence by weather reports, but oats were weaker on the possibility of Canadian imports to Chicago. Beans showed a reactionary tendency.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 28, 1953

For the past week or so there has been an interchange of messages between Senator Young of North Dakota and Agricultural Secretary Benson, with respect to our policies of selling CCC wheat abroad. The Senator apparently was of the opinion that if we abstained from reducing these accumulations through the export market, it would do more to bolster sagging wheat prices than any other action taken so far by the government. Mr. Benson announced late yesterday that CCC will sell its stocks of wheat for export only at the current loan rate, plus 5%, and reasonable carrying charges. This, however, is merely a continuation of the policy which the Department had put into operation on June 22nd. At that time offerings were abated in order to give farmers a chance to market their grain without government competition. Therefore, in effect it does not alter the government program one iota, at least for the present. The big "if" is, however, that Mr. Benson has not promised how long the present abstention would remain in effect.

Overnight weather showed no improvement, insofar as high temperatures were concerned, over the corn belt, nor was there any rain forecast at least for the next thirty-six hours. Our own forecaster believes that it will be fair and hot tonight, the same for Saturday, and probably Sunday. The five-day outlook is for temperatures to range about 8 to 10 degrees above the normal, and probably not much moisture, if any, until about Tuesday, and even by then only about one-tenth inch precipitation. Sometimes, of course, we have surprises for the reason that long-range forecasts are not absolutely accurate, but the trade at least is fearful that some damage is occurring both to corn and to beans.

While opening prices were a shade higher, it was quite evident that previous covering in the market had probably removed some of the nervous shorts. Rapid progress is being made in Canada, despite the lateness of the wheat crop. Recent weather has been extremely favorable, and cutting is mow taking place in southern areas of Manitoba, but operations should be general by the middle of next week in more northerly sections. The outlook is still extremely good. The same is true in Saskatchewan, although a few districts in the Southwest have been affected by the extreme heat and lack of moisture. On the other hand, high temperatures have resulted in a rapid ripening of the grain; therefore, maturity was reached earlier than had been expected. Alberta has experienced similar conditions, although there is still some threat of frost to late wheat. If there is another two weeks of moderate weather major crop damage should be avoided.

We neglected to mention yesterday that U. S. wheat and flour exports for the week were about 4 million bu, according to Broomhall. This brings the total to 39 1/2 million bu for the season compared with 40 1/2 million bu a year ago. Canada shipped 6.9 million bu last week. World shipments by the five major exporting countries since the 1st of August have totaled 44 1/2 million bu compared with 53 million last season. Our domestic corn clearances since last October have totaled 117 1/2 million bu compared with only 63 3/4 million bu a year ago.

Primary receipts of wheat amounted to 1,914,000 bu compared with 1,843,000 bu last week and 2,075,000 bu last year. Kansas City and Minneapolis stocks so far this week show an increase of 130,000 bu. When the visible supply is posted on Monday it will compare with an increase last season of 1 1/4 million bu.

Markets were a little hesitant at the start except for beans, which were very strong. There was considerable local buying, and as the session progressed there were quite a few reports from Illinois and Iowa that hot weather was bound to do some damage. We talked to one of our friends at DesMoines, who had travelled pretty well through the state of Iowa, and had also covered parts of Kansas and Nebraska. He is of the opinion that the September government report may show a reduction of 150 to 200 million bu for the corn crop, and it was his opinion that some of the damage was sustained prior to August 15th, and that possibly the government was somewhat too optimistic in its August figures.

Wheat had most of its activity during the last hour of trade, there was some speculative buying, and offerings were light. Despite poor flour and export demand futures rose easily, and there seemed to be little opposition. The Minneapolis wheat market was very strong, and this tended to encourage some of the traders in our market.

All rye futures both here and at Winnipeg made seasonal lows, but there were recoveries when other grains became strong.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 31, 1953

The prolonged heat wave and drought continued unabated over the week-end, with the exception of some local thunderstorms over the Northwest. There are still no signs of present weather conditions breaking up but fortunately there has been a lack of hot winds. More concern is being expressed over prospects for corn and beans, and undoubtedly damage is being done particularly to the late-planted crops. As to how much deterioration the government report made as of August 1st will show is still a matter of conjecture. One of our Illinois Office Managers reports today that he returned from a 600-mile trip around Lincoln, and that from the present prospects there will be more of an average yield rather than a bumper crop. He thinks that more damage has been done by Stewart's disease than from heat or drought Whether the reduction will be sufficient to make acreage allotments unnecessary in corn for next season remains to be seen.

The Department of Agriculture has been preparing itself for marketing quotas although Congress adjourned without putting any penalty provision in the law for corn. Therefore, it makes it doubtful if the Secretary of Agriculture will ask for a vote on corn marketing quotas. Farmers of this country are facing a diversification of their acreage due to acreage allotments on wheat, and possibly cotton and corn, as the producer must find a way to use his otherwise idle land. This will no doubt lead to surpluses of other grains, such as soybeans on which the loan at present is 90% of parity.

Secretary Benson in his reply to Senator Young states that CCC wheat would be available for export when the domestic market price is higher than the current price support, plus 5% and reasonable carrying charges. This program and this limitation for the present will stand except for their emergency program when sales are necessary to avoid losses from deterioration, but he calls attention to the fact that "Inevitably we must meet competitive world prices if U. S. wheat is to be exported. Wheat now being exported, with exceptions noted above, moving through commercial channels from free wheat supplies and with IWA subsidy to meet competitive exporting countries' wheat prices." He does call attention to the fact that the American wheat grower must face a loss of export markets outside IWA if our export price is not competitive with prices of other exporting countries.

Broomhall reports that France has enjoyed a period of favorable weather and harvest is nearly completed. It is contemplated that wheat production will be about the same as last year but there is a fair old-crop carryover, and surpluses will amount to about 22 million bu. Exports of Australian wheat and flour for the week of Aug.17th were approximately 1 1/2 million bu, and since January 1st that country has exported approximately 78 million bu compared with 52 million bu a year ago, while since July 1st Argentina's exports of wheat and flour have been 47 million bu compared with 2 1/2 million bu the previous year.

Primary receipts of wheat today totaled 4,464,000 bu vs 3,415,000 bu last week, but there is no comparison with last year as it was a holiday. When the visible supply was posted wheat showed a decrease of 903,000 bu against an increase last year of 1,269,000 bu; the total visible stands at slightly over 313 million bu, or approximately 42 million bu more than a year ago. Wheat stocks in Chicago decreased 459,000 bu, leaving a balance in this market of 18,865,000 bu. Both corn and oats showed some decrease, while stocks of rye decreased slightly.

Today was the first day for tenders against September contracts, and up to the time of writing this letter we have heard of tenders of about 1 million bu rye, 1/2 million bu oats, and about 2 1/4 million bu wheat.

Flour business was quiet over the weekend, and according to The Southwestern Miller the sensational rise in spring varieties tended to shut off bookings.

Export wheat business is practically nil, and new bookings under the present IWA arrangements are lagging far behind last year. Undoubtedly many importers anticipated the increase in price for the 1953-54 season by buying more heavily when the basis was $1.80. England is releasing her government-held stocks to the private trade, and it has now been reported that Holland is contemplating placing the importation of grains, including maize, which so far has been purchased by the government, again in the hands of private trade. Therefore price will be the determining factor as where new supplies are purchased.

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DAILY MARKET LETTER

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CHICAGO, 4 September 1, 1953.

While this letter is being written, Secretary Benson is speaking before one of the Agricultural Societies in South Carolina, and telling his listeners: "We shall continue to use every available program to protect farm prices and farm income--and we shall strive night and day to make these programs work better than they have ever worked before. But all the while we shall be seeking still better programs, because the people of this country, farm and non-farm, have never been long satisfied by mediocrity and stagnation." He reminded Americans that an industrial worker in this country last year could buy as much food with eleven minutes of labor as a Russian worker could buy at Moscow State store reduced prices for a full hour of labor. He further pointed out that "Prices of farmers' products are subject to extremely wide swings, both upward and downward. If there is only a slight shortage, prices rise sharply; if there is only a slight excess, prices fall painfully low. In boom times, the farmer is unable to hold his labor against the competition of industrial employment. In recession, his prices drop much faster than his costs of production." "These," he said, "are the hard facts of life for those who know what it is to wrest their living from the soil."

When our market opened this morning, traders were faced with the same conditions as we have had before during the past week. Hot and dry weather over most of the corn and bean belts had caused considerable anxiety, although we have heard from a good many well posted people that damage from blight might be nearly as great as that from heat and drought. Our wheat market, which had been rather indifferent yesterday when corn and beans were strong, seemed to pull itself out of its lethargy. The fact that tenders on September contracts havebeen pretty well taken and that the actual deliveries of wheat were not quite as large as had been expected may have given a little encouragement to holders of futures. It is also a fact that pressure on cash markets is extremely light and very likely large quantities have either gone or will still go into the loan, which may give us an artificial situation later on. Whether the red wheat will share to the same extent as spring and winters remains to be seen, but for the time being we still have ample stocks of free grain in Chicago.

The statistical position of wheat in world's markets is still bearish. There is 1,236 million bu wheat held by the principal exporting countries as of July 1st, which compares with 651 million bu a year earlier. Rye stocks in these countries were 69 million bu compared with 19 million last season. Nevertheless, we cannot completely discard the effects of a high loan, particularly at a time when prices in many parts of the country are so far below. This undoubtedly is the reason for the big premiums at Minneapolis and at Kansas City. All this is happening at a time when the export demand is extremely dull.

Our weather man does not look for any relief from high temperatures over the Central States and for the Southwest during the next twenty-four hours. Even the five-day forecast suggests 5 to 6 degrees above normal, with very little precipitation.

Primary receipts of wheat today amounted to 2,297,000 bu compared with 1,607,000 bu last week, and 4,511,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 314,000 bu.

Markets were a little hesitant at the start, but wheat gained impetus when it was generally recognized that yesterday's tenders on September contracts had been pretty well taken, and even those deliveries had been somewhat smaller than had been expected. Wheat apparently is not circulating, and we noticed today that one of the northwest houses continued to buy September wheat outright and against the sale of later months. Beans were also quite strong, and the weekly crop report talked of some deterioration due to hot weather. However, the report for Illinois was surprisingly good for both corn and soybeans, but we note that Missouri particularly has suffered, also the southern part of Iowa, and sections of Ohio where there has been practically no rain now for weeks. Possibly there was some buying also in the wheat market because of the fact that the market yesterday responded poorly when other grains had advanced.

Cash wheat markets continue tight, but we understand from a friend in the Northwest that there was another good week of weather for harvest, although some delay in areas of North Dakota because of scattered rains. Our guess would be that the final figures on spring wheat production would be pretty much in line with the last government forecast. Corn rallied during the last half hour of trade.

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CHICAGO, 4

September 3, 1953

While weather records have been broken in Chicago for the past ten or twelve days, and very likely in other surrounding territories, it was always safe to forecast that the inevitable change was bound to occur. While there had not been many rains looked for yesterday it was generally figured that a cold front in Canada was slowly working this way at the rate of about 20 miles per hour and that relief might be had by tomorrow, at least to the extent of lower temperatures. The turn has come a little faster than had been expected, although up to the present writing rains over the corn belt have not occurred but the weather map now suggests that a general break-up is in sight with the heat wave ending by this evening, although in some localities west of here temperatures have already dropped. We also had some unexpected moisture in the Texas Panhandle, and indeed, the rains around Amarillo and Lubbock were highly satisfactory, with some stations showing 1 to nearly 2 inches moisture. This is not only good for the sorghum crop but it will also improve the soil for the planting of winter wheat. Rains were not confined to Texas, however, as Oklahoma was well benefited and we also found a good many points in Kansas and Nebraska telling of benefits, which were equally wanted as they have gone through a prolonged dry period and recent complaints have been plentiful. The one place where rainfall was not needed was over the Canadian Provinces, and through parts of our spring wheat belt. This may delay harvesting operations but we doubt whether any severe damage will be sustained. What is more feared in Canada is early frost, which may cause some local damage to quality.

In Europe harvesting operations have been pretty generally completed, and reports from the Continent are to the effect that yields have come up to expectations, and in some instances are even better. Much grain in the middle and northern sections of the U.K. is still to be cut and lodging has been severe in a number of districts. That however, is relatively unimportant. The bulk of the French crop is now safe from weather hazards, and the tendency is to raise estimates. A preliminary figure of 320 million bu is mentioned, which is some 10 million larger than last year. Italian reports continue to stress very high wheat yields with the latest estimates placing the crop at an all-time high, indicating an outturn in excess of 323 million bu, which would compare with 285 million bu last season. All this comes to us through the Broomhall Agency, which also mentions satisfactory conditions in Western Germany, with a large part of the bread grains gathered. Turkey, which is one of the countries we have helped through gifts of money and machinery, is reported as having big returns with the wheat surplus possibly amounting to 73 million bu and smaller quantities of other grain.

Exports of wheat and flour from the U.S. were 5.1 million bu, and since July 1st amounted to 45 3/4 million, which compares with 46 1/2 million a year ago. Canada shipped more wheat than we did, her share having been 7.6 million bu during the past week. U. S. corn clearances last week of 1.2 million bu bring the total since October 1st to 118 3/4 million bu vs. 67 1/2 million bu last season. Soybean exports for the week were nil, but our total of 26 1/2 million bu is nearly double shipments of last year.

Primary receipts of wheat today were 2,146,000 bu compared with 1,856,000 bu last week, and 1,600,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 398,000 bu.

Markets were rather weak right from the outset; the fact that the weather had turned caused some liquidation of lines. There was also a good deal of local professional trading which moves quickly as news changes, and this gave us erratic swings. There is hardly any improvement in the flour demand, even business in the Northwest is quiet. Little attention was paid to the great strength in Minneapolis, but it seems that there is very little low protein wheat coming to market; most of the arrivals represent higher quality wheat. Therefore, there have been no deliveries, and with an open interest of 4 million bu shorts seem to be somewhat on the defensive.

The late forecast for the corn belt was not as optimistic as the earlier one; there will be some rains probably in Illinois and Iowa, but they are apt to be light, while in sections of western Nebraska a few scattered frosts are predicted, although that section of the country is not important for grains.

Beans were also weak, as was rye, with sentiment somewhat less bullish.

Advices from Washington intimate that the farm crops most seriously damaged by the recent heat wave are hay, and pastures, but apparently corn does not cause much concern.

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September 4, 1953

The overnight weather was quite satisfactory for all parts of the country. There had not been much rain in the Northwest, although temperatures there were quite low, and there is still some wheat to be harvested, but, of course, a lesser percentage than in Canada. We did have some wonderful rains in the Southwest, with Kansas favored the most, and in the southeastern part of the state there was about 3 inches, although some of this moisture had already occurred yesterday. There was 2 1/2 inches at Topeka, 1 1/2 inches at Hutchinson, and lesser amounts in Oklahoma. In Illinois the rains were mostly from 1/2 inch to an inch, although the five-day forecast does not look for much additional precipitation.Nevertheless, the drought has been broken and likewise the heat wave, and from all indications the damage that was sustained during this period of hot weather was not as great as many had feared.

A private report issued this morning forecast the corn crop at 3,183 million bu compared with 3,330 million bu last month, according to the federal estimate. Nebr., Missouri, and southern Iowa were sections of the country hardest hit by adverse weather conditions, although southern Illinois and southern Indiana also suffered, but there were offsets in other parts of the country, so that the over-all result is still quite good, particularly when we figure that the average corn crop in this country for ten years was only 3,036 million bu. Not much attention was paid to a reduction of 24 million bu in the wheat estimate for the Northwest, although our market firmed after the opening, but in general it is felt that with the tremendous carryover even if we raise a total crop of only 1,178 million bu, we shall still have a total supply of 1,737 million bu, which would be a record for all time. The outcome of the bean crop was of almost the same importance as that of corn, and indications, according to an expert, are for a total production of nearly 282 million bu. This is somewhat less than had been anticipated a month ago, but still is larger than the 219 1/2 million bu average crops of the past ten years. It is only a small reduction from the figure of last season.

A little attention was paid early to reports that the country had been a better seller of both old and new corn. It is thought now that with the crop so well advanced even an early frost may not cause much damage. Furthermore, there is the possibility of corn moving earlier than usual, as the warm wave hastened maturity, and this is apt to have some effect on the relative difference between old and new-crop months.

Showers and cooler weather were reported in eastern Saskatchewan and Manitoba clearing in the west, and the possibility for somewhat higher temperatures. Apparently there is not much concern there about getting the crop in.

We are getting a good many inquiries about rye because of the relative cheapness of this cereal. Possibly it is low enough, as far as the cash price is concerned, but with carrying charges and imports one must still be doubtful. During the past week Argentina has sold 7 3/4 million bu rye to exporters at prices ranging between $1.05 and $1.20 a bu FOB steamer. This, of course, retards, and possibly restricts, any important business which Canada might enjoy with European nations.

Primary receipts of wheat were 1,687,000 bu, which was a little less than last week, and about the same as last year. Kansas City and Minneapolis stocks so far this week show a net increase of 489,000 bu. When the visible supply of wheat is posted on Monday it will compare with last year's increase of 4 1/2 million bu.

Wheat started off a little lower, and in fact, the whole market was draggy for a time, but September corn became very strong, and this apparently influenced some of the local traders in their trades elsewhere. It is becoming more apparent that even if there is a carryover of 100 to 125 million bu of free corn that it is scattered, and thus the heavy impoundings are having an effect marketwise. The same is true of the holding tendency in the spring wheat areas, and brings up the possibility that with prices of corn and beans under the loan there may be large quantities withheld from commercial supplies for those commodities. In any event, there was a better sentiment, although trade was not particularly heavy, but at least there was sufficient buying to give us higher prices all around. Japan was a good buyer of Pacific Coast wheat, taking 10 cargoes, also Canadian wheat and barley from both countries. Minneapolis Sept. wheat was liquidated and closed weak.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 8, 1953.

As near as we can judge, the farmers of this country are still predominantly in favor of high support programs, not only for basic commodities, but would like to see the government enlarge its field beyond the present scope. Actually there is more agitation for supports for livestock than at any previous time. Judging from what we hear the Congress will not look too kindly toward a change, and whi high supports have brought about heavy accumulations, a good many people quickly forget that only World War II and the Korean conflict saved us from amassing unmanageable reserves during the past decade. We hear that certain Congressional farm experts are of the opinion that more money might be obtained by producers under a two-price system, which is presently being studied by the Administration. Secretary Benson is said to favor this, and his Advisory Committee also supported the idea, which they think should supplant the present wheat support program. The new proposal is said to call for supports of 100% of parity on wheat which is sold for domestic food consumption. The producer than would be paid the difference between the cash price he receives and the parity level.

When our market opened this morning, there was firmness but actually little news to give us much guidance. The German elections were enthusiastically regarded. The corn belt had received a moderate amount of precipitation, and probably further rains are to be expected with temperatures not far from normal. Very shortly the government will issue its figures on production, but the changes are not likely to vary much from those recently published by a private expert.

Weather in Canada has improved and while harvesting operations have not been too rapid, better progress is now expected. The Canadian Pacific Railway stated that as of September 4th, their crop report showed that 76% of the wheat had been cut in Manitoba and 53% threshed. This was the largest of the provinces, but Manitoba is also the smallest from point of view of production. In Saskatchewan, 24% of the wheat was cut and 9% threshed while in Alberta only 8% had been cut and very little threshed.

When heavy surpluses develop in other parts of the world, one must naturally have some fears that our own exports may diminish. A protocol to the original Argentine-German Trade Agreement of July 31, 1950, was signed in Buenos Aires on the last day of July this year. The contracting parties agreed to grant all the facilities necessary to expedite the movement of merlchandise between the two countries. Germany is to take about 11 million bu wheat and about 7 1/2 million bu rye, and probably over 10 million bu feedstuffs or cereals that could be used for fodder. We also called attention recently tonegotiations between the Soviet Union and India. The local press in New Delhi in mid-August reported that a three-year barter agreement between the two countries would be undertaken for the exchange of Russian wheat in return for commodities that the Soviet needed. India would like to import 37 million bu Russian wheat each year for the next three years in exchange for tea, jute, shellac, and other commodities.

When the visible supply of wheat was posted there was an increase of 463,000 bu, which was considerably less than last season. Total stocks in all positions are 313 3/4 million bu compared with nearly 276 million bu a year ago. The corn visible decreased 1/2 million bu leaving stocks in the various markets 7 1/2 million bu, or only half of what we had last season. The oat visible increased 563,000 bu, to a total of nearly 21 million bu, but even this is 9 million bu less than we had a year ago. Chicago wheat stocks were practically unchanged at 18.8 million bu, corn decreased a little, and oat stocks were slightly larger. There was 442,000 bu increase in the local rye stock, bringing the total to 3.6 million bu. Bean stocks are small, and changes were nominal.

Wheat was a little firmer at the opening, but gained considerable ground as the session progressed. Despite the fact that Minneapolis wheat receipts amounted to 1,652 cars, that market was extremely strong, and prices advanced about 7¢ per bu, which naturally influenced the trade here. Other commodities, which had been a little indifferent early, finally responded and closed higher. There were also 420 cars of wheat in Kansas City, but the cash demand was strong.

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CHICAGO, 4 September 9, 1953

During the first eight months of 1953, farmers received $17.7 billion from marketings, which was a drop of 6% from the year before. The actual revenue which farmers received from marketing of their crops was only 4% lower, but the over-all drop was caused by a sharp break in cattle prices, which were down 13%. While there were declines for most commodities all along the line, the volume of marketings was a little larger; thus the total farmer's intake has not been too bad considering that we have had a period of declining prices, and in some cases export markets have been hurt through competition from other countries which also had surpluses. There was quite an improvement in the export flour business overnight, and there was some evidence of mill buying shortly after we opened, but on the other hand, the German wheat business that had been expected failed to materialize, and a postponement was reported although that country bought 10 cargoes of Manitobas. As a result we had a little weakness early although nothing very pronounced.

Cash markets throughout the countryhave been very strong and The Southwestern Miller claimed that all cash wheat in the spring wheat districts traded at a new season's high. In many instances cash wheat has risen to a level, including the strong premium, at which it is more attractive to sell than to take the loan, but yet there was further strength in Minneapolis futures this morning, the September delivery advancing more rapidly than later months. The government is said to be willing to give millers spring wheat in exchange for red wheat. The latter would be used for export shipment to Pakistan, and on the face of it this would seem to be a very constructive feature and that it would reduce substantially the quantities of soft wheat for which the demand has not been too keen. We understand, however, that the government would like to have the red wheat in an export position, preferably at Baltimore or at some eastern port, but it is our understanding that they do not intend to merely have millers buy up red wheat for the purpose of making these exchanges. To our knowledge no swaps have taken place. What they really have in mind is to have the red wheat already available turned over to them in exchange for spring wheat which is under government domination. Apparently it was not regarded as too important a factor. Otherwise, Minneapolis futures might have been more influenced by an announcement of this sort.

According to Broomhall, estimates of European grain crops are not only being maintained, but the tendency is to increase crop estimates. Harvesting has now been completed in many areas, while elsewhere weather conditions are favorable for completion of work. French trade estimates are being raised by about 10%, although the official figure of 303 million bu wheat is slightly smaller than last year. The private figures are running as high as 330 million bu. Crops in Russia must have turned out pretty well for the reason that North Russian and Bulgarian wheat is being offered for export. Turkey's wheat crop is figured at 275 million bu compared with 238 million bu last season. This would give them a surplus of some 80 million bu. West German crops are more uncertain and there is considerable variation with respect to yields. The same authority tells us that beneficial rains have occurred in parts of Australia although New South Wales is still in need of more moisture.

Primary receipts of wheat amounted to 1,383,000 bu compared with 984,000 bu last week, and 1,042,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 464,000 bu.

The wheat market was reasonably strong during the fore part of the session but when liquidation came into the pit it was apparent that shorts had been pretty well covered and we showed net losses for the day despite the comparative strength at Minneapolis. The milling demand is being hampered by high prices for flour and present volume is extremely small. There was some strength in corn and in beans. It seems that the State reports were not too good. There have been some losses reported and at the same time pastures have not revived even though there were some rains during the past week. The Indiana State Report states that in many places it seems questionable whether corn and soybeans have matured or simply dried out. Tomorrow, after the close of the market, we shall have the government report.

Just as the market closed we heard that the Canadian Wheat Board was meeting at Ottawa. There is some talk that they may cut prices on export offerings in order to sell more wheat, but we are unable to confirm it.

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CHICAGO, 4

Sept. 10, 1953

Wheat and flour exports from Canada last season were the second highest on record, totaling nearly 387 million bu. which compared with a record of 407.6 million in the 1928-29 season. Canada apparently feels that even a bigger job is necessary this year in view of the fact that the crop and carryover supply is estimated at 966.5 million bu. Allowing for normal disappearance of some 160 million bu. and assuming that exports would come up to those of last year; namely, 387 million bu it would leave them with a reserve stock on July 31, 1954 of 419.5 million bu. compared with nearly 363 million bu that they had on hand at the beginning of the present crop season. On basis of the figures just mentioned, a Canadian carryover of nearly 420 million bu and a U.S. carryover on June 30th next year of 800 million bu would give us total reserve supplies for the two countries of 1,220 million bu. which is more than is often raised on this Continent and is more than enough to take care of domestic usage for both countries. This would still leave a balance of 360 million bu without allowing for a single bushel that is raised next summer in either of our countries. Thus it can be seen that there is only one hope, and that is, getting supplies into foreign channels if we are going to help ourselves out after amassing these huge surpluses. It is true that some headway is being made here through acreage cuts that will probably average about 21% but this does not necessarily mean that yields will be reduced in the same proportion, as undoubtedly farmers will use their best land and possibly cultivate more intensively, as long as they are still entitled to a loan of 90% of parity for another season.

Up to this writing the Canadian Wheat Board, which has been meeting in Ottawa, has not come out with any definite decisions, so far as we know. We have heard through different sources that they are discussing the proposition of whether prices should be cut in order to encourage heavier shipments abroad. The trade is recommending that the spreads be widened for the lower grades. This might put some of the poor quality wheat into a position that would make it more attractive to European buyers. As soon as we hear anything definite we shall surely keep our friends advised, as any change in the disposition of selling in Canada is bound to influence us here, even granting that large quantities are being impounded.

After the close of the market this afternoon there will be a September estimate of wheat production, but no change will be made in the figure for winter wheat, which is 878 million bu. However, there probably will be a reduction from the 324.5 million bu spring wheat forecast on August 1st, but it is doubtful whether the loss will be very great, despite the fact that there was a period of adverse weather, and at one time rust was supposed to have overtaken a large part of the crop, and many people had believed that yields might be as low as last season when only 238 million bu spring wheat was raised.

There were overnight showers in Manitoba, which were said to be delaying harvest, although weather was improving farther West, and in our country there were rains only in Central Illinois and Eastern Iowa but for the most part they were too light to be of much help. Recent flour business has improved, and according to The Southwestern Miller, there was a large business in spring flour, the early part of the week mills up there selling about 200% of capacity, which would cover requirements for a week or two ahead, but in most cases not beyond September. This has apparently stimulated buying in Minneapolis, although recent business has been hampered by extreme advances.

Primary receipts of wheat were 1,816,000 bu compared with 2,146,000 bu last week, and 1,877,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 622,000 bu.

The wheat market was weak, and just before the close we had a report from Minneapolis that there were 5,000 cars of wheat on track at Fort William, and 5,000 in transit with apparently no place to go with it. They heard that the Canadian Wheat Board might not come to a decision until Saturday on export policy. Beans were quite strong today, and it was reported that Germany had bought a cargo for Novembe shipment via the Atlantic, and was bidding for another one. Japan was also inquiring for two cargoes of beans for November shipment. Corn at times was firm, but even with the strength in the September future, the later months were quite indifferent, and the close was lower. Trade on the whole was light, and very likely a good many people were awaiting issuance of the government report to see if there are any surprices with respect to corn and beans. On the other hand, a small reduction in wheat

will not meanmuch particularly with the tremendous supplies on this Continent.

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CHICAGO, 4 Sept. 11, 1953

After the close of the market yesterday the government report was issued,and a reduction of 3 1/2% was shown in the corn estimate, with indicated yield figured at 3,216 million bu, which is somewhat less than last season, but nearly 200 million bu more than the ten-year average. This was somewhat surprising to traders who had figured that the heat and drought might have taken a heavier toll of the crop. While it is generally conceded that little damage can be sustained after the middle of August, this was a rather unusual year, and many complaints had been made that Stewart's disease and improper filling of the ear had caused damage of a considerable nature. In view of the fact that the carryover will amount to about 800 million bu, we can now figure pretty safely on a total supply of about 4 billion bu, although a good percentage of the reserve stock is under government domination.

The next thing of importance was the estimate for soybeans, and the forecast was for nearly 280 million bu, which was a decline of 15 million bu since August,and will probably make it necessary to cut down our export business during the coming crop season unless the carryover reserve is larger than usual.

Not too much attention was paid to a cut of 33 million bu in the spring wheat estimate. The trade had anticipated nearly that large a decline. North Dakota, it seems suffered the greatest losses during the month, and Durum wheat, which is now estimated at only 14.3 million bu is surely a failure crop, but this does not have much influence on bread grains. As we have pointed out so often in these letters, the total wheat supplies in North America are fabulous, and the main hope in getting the proper correction is through heavy exports. Last season Canada shipped 329 million bu of wheat, not to speak of some quantities of flour; about half was destined to the British Commonwealth countries, which took 137 million bu. Thus, there is considerable concern with the U K not having entered the wheat pact, and since Britain alone takes well over 100 million bu of wheat and smaller quantities of flour, any change in the buying program is bound to have considerable influence on Canadian clearances. Harvesting in Canada has advanced during the past week, and is now complete in some of the southern districts of Manitoba, although there were delays in Saskatchewan caused by heavy rains, while the same situation prevailed in Alberta, and it will now take a prolonged period of dry weather to take the grain out of the danger zone, because there is always some fear of a severe frost at this season.

According to Broomhall, our wheat and flour shipments during the past week were only 2 1/4 million bu, and since the 1st of July we have shipped 49 million bu compared with 50 million last year. Since August 1st Canadian shipments of wheat and flour are only 32 million bu vs 38 1/2 million a year ago. Thus, it can be seen that they have their worries, and there continue to be discussions in Ottawa as to whether prices should be lowered, particularly on poor quality wheat in an effort to do more business abroad. Since the 1st of October our country has shipped 120 million bu of corn versus 67 1/2 million bu the year before. Our clearances of soybeans in the same period were 26 3/4 million bu compared to 15 million bu last year.

Primary receipts of wheat were 1,612,000 bu, which was much the same as last week, and compares with 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 751,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 361,000 bu.

There was some weakness in wheat, probably in sympathy with lower prices for corn, but Minneapolis became very strong, and their September wheat continues to be in a class by itself, with very little low protein wheat being offered from the country. Furthermore, there was a fair amount of mill buying in Minneapolis, and this apparently was regarded as a constructive factor. Generallyspeaking, however, flour demand was rather poor, and bookings are said to be falling off. On the other hand, the day to day business is not too important as our consumption is at a pretty constant rate.

There was some business in soybeans for export, and several cargoes of corn were sold from both coasts, but this failed to help the market very much, as most people were impressed by the government figures.

Lard prices, except January, made seasonal highs, but this likewise failed to stimulate much investment buying of corn. We heard of some rye and oats coming to Chicago from Canada, and chances are there will be more of this type of business.

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CHICAGO, 4 Sept. 14, 1953.

The difficulty surrounding surplus wheat is not confined to this country but is rather a world situation. Canada is facing some very weighty problems. The Wheat Board and the government officials in that country are supposed to be meeting with reference to further payments to be made to producers on last year's crops, and the advisability of lowering their export price. Farmers are finding it hard to secure needed cash because of restrictions on deliveries caused by storage congestion. The Minister of Trade and Commerce in Canada is reported to have made the statement that the Board would probably be unable to take delivery of much more than 275 million bu grain between August 1st and December 31st compared with deliveries during the same period last year of 395,000,000 bu. This statement is somewhat qualified by the domestic and export demand for grain in the next few months. The critical problem in that country results from the fact that farmers have produced 3 bumper crops in a row, causing a storage congestion at country and terminal elevators, Also, the fact that Canadian sales of wheat have dropped sharply from a year earlier, and the immediate outlook for large-scale sales is not promising. Competition from the Southern Hemisphere is much keener than for the past number of years. Argentina so far has cleared 51 million bu wheat, although they still have very considerable commitments. Australia has cleared 80 million bu wheat so far this year against slightly over 56 million for the same period a year ago.

If one looks at prices, the difficulties encountered by the U.S. and Canada are easily understandable, particularly as the U. K. is not included in the IWA pact, and is looking around to purchase their supplies at the best possible advantage. According to Broomhall, the following table represented current prices as of September 11th for wheat CIF UK, for September shipment:

Argentina (Rosesafe)	$2.21 1/2 per bu
Canada (#2 northern)	2.39 7/8 "
Australia	2.35 "

while the price in the U. S. for #2 hard winter wheat FOB gulf is $2.30, or somewhere around $2.50 CIF, depending on the freight rate.

In this country any plan to increase exports by other than partial or outright give-away programs, which now seem to be tapering off, runs into practical difficulties. First, the old problem of other countries not having the necessary dollars; second, the high price supports for American farm products makes it too expensive for foreigners to buy with their scarce dollars, and thirdly, with agriculture recuperating and slowly expanding the world over, other countries are becoming less dependent upon our surplus. High support levels which have been in vogue for many years, finally are kicking backon the farmer. Controls and restrictions , which are inescapable under high and rigid price supports, limit individual opportunity and penalize efficiency. One difficulty in restricting acreages is the probable intensifying to increase the yield per acre, and also, to cause surpluses in other grains. A joint session has been called by PMA officials with the USDA Wheat and Corn Industry Advisory Committee for Mid-October, as corn producers fear that much of the acreage taken out of wheat might be put into the cultivation of corn, and also they are concerned over a possible two-price system, which might make the surplus wheat compete against corn as a feed.

Primary receipts of wheat today totaled 3,151,000 bu, last week was a holiday, and compares with a year ago of 3,554,000 bu. When the visible supply of wheat was posted today it showed a decrease of 1,755,000 bu, leaving a total of slightly over 276 million bu or approximately 36 million bu larger than a year ago. Chicago stocks of wheat decreased 137,000 bu, and now stand at approximately 18,744,000 bu. Corn showed a slight increase, and oats in this market decreased 122,000 bu.

According to The Southwestern Miller extreme dullness marked flour business over the weekend. The PMA is receiving offers today for about 225,000 cwt of hard wheat flour. Somewhat paced by the weakness inthe stock market, most grains were subject to liquidation, and prices declined inall pits during the session. Apparently some of the processors over the weekend booked fair amounts of new beans in the more southern territory, particularly parts of Missouri.

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CHICAGO, 4 Sept. 15, 1953.

The population of the U.S. has been growing at the rate of 2 1/2 million persons a year. According to one economic expert by 1975 it is contemplated thatthe population will probably touch around 190 million people. Therefore, farmers of this country, in order to feed that population, will have to produce almost one-third more food than at present to keep up the present standard of living. This would call for more acreage than farmers can economically put into use; consequently, according to Dr. Byron T. Shaw, head of the Agricultural Research Administration, the solution is to obtain higher yields per acre and a redistribution of the usage of land. Consumption per person of wheat has been decreasing with the consequence that our domestic requirements have not increased. The demand has been for meat, milk, eggs, and vegetables; so it would appear that any farsighted program would call for the curtailment of the output of wheat, cotton, and possibly other products in view of present limited export outlets.

Rigid price supports have created our present agricultural difficulties and no doubt the flexible price support would be a step in the right direction. As Secretary Benson expresses it: "Price supports not only must provide basic stability for agriculture, they should also contain incentives for progress by increasing production shifts towards balanced supply in terms of demand by encouraging economic production and by avoiding excess surpluses and subsidies."

The College of Agriculture of the University of Illinois points out that southern and southwestern parts of the corn belt have suffered seriously from lack of rain, and they believe that crop estimates may be progressively reduced, figuring that the December report would show no more than 3,000 million to 3,200 million bu. If the crop should fall to the lower figure, it would just about cover our needs for feed, industrial uses, and exports. The carryover on October 1st probably will be around 800 million bu, of which CCC will own nearly 600 million bu, leaving approximately 200 million bu in private hands. If the crop should be as low as 3 billion bu, it would give us stocks of 3,200 million bu outside of government hands and only 200 million bu left for the private carryover a year from now. Therefore, the important item is whether government stocks will be increased during the coming crop year.

Broomhall's bulletin of September 4th gives the market for U.S. corn CIF U.K. as $2.01 per bu, and the Argentine price for September shipment as $2.02 3/4; so these two countries are on about a competing basis. However, new-crop corn in the Argentine will not be available until after the first of April, while for November shipment U.S. corn is being quoted at $1.81 CIF the U.K. Therefore, the later demand should favor U.S. corn. Last week Argentine export sales of oats to the U.S. were 4,524 metric tons, and supplies from the Southern Hemisphere and from Canada continue to be a threat to our domestic price.

The government weekly crop bulletin for Illinois reports that 75% of the corn is safe from frost, with scattered picking for seed or immediate feed. Iowa, 75% of the corn is well dented and hard, while in Ohio ripening is premature and not filling completely. Missouri reports that condition of soybeans is 53% compared with 86% a year ago, with early beans small and many shriveling. In Nebraska, corn is ripening rapidly, with the bulk dented.

Primary receipts of wheat today totaled 2,139,000 bu vs 4,912,000 bu last week and 2,466,000 bu comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 615,000 bu.

Markets early were stimulated by local buying, but there seemed to be no follow-up when this source ceased. Outside interest is lagging in the market, which is not surprising as this country has accumulated an overwhelming supply, and whether free wheat or under ownership of the CCC it is grain that eventually becomes a burden. Milling demand remains quiet, although there are some inquiries for flour from Venezula. There have been some barters made in wheat in quantities up to 100,000 bu lots by CCC of hard winter for equal amounts of red wheat at the prevailing market. The red wheat must be in an export position.

Beans were weak, reflecting lower prices in oil and meal.

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CHICAGO, 4 Sept. 16, 1953.

There was no special grain news overnight. On Monday of this week weakness in securities was probably a contributing factor to a more bearish feeling in grains, but yesterday and again this morning there were reports from the East that possibly some European buying was coming into the stock market. Whether or not this was correct, the wheat market had a much better undertone, and as a result we found some short-covering, and apparently the market recently had been fairly well liquidated.

For a long time it has been our feeling that anyone trading in wheat would have to decide for himself whether the available supply would be sufficiently smaller than the actual amount of wheat in the country to give us at least a degree of artificiality. There has been some disappointment because last season even with 455 million bu wheat impounded, the market showed little effect of the small amounts left in commercial channels. While we do not have final figures from CCC it looks as though there were only about 50 to 75 million bu wheat in the free supply on July 1st of this year. Those who feared that the government would continue to sell its accumulations for export are now finding that there is no government grain being liquidated, but, of course, it cannot be determined whether the present policy will remain in force permanently. We did have some figures from Washington showing that wheat impoundings had risen to 118.6 million bu as of August 15th. This was an increase of more than 72 million bu for the month, but yet it was 50 million bu less than had been placed under the loan a year ago same date. There were some USDA officials, however, who estimated, although unofficially, that between 450 to 500 million bu of this year's wheat crop would come under federal support, and we presume that their calculations are based on the experience of the previous season, and also, the fact that prices are so far below the loan level. In any event, today's disclosures did not have much market significance, although the great strength in Minneapolis and Kansas City, with prices far above the Chicago basis, is clear indication that the withholdings have already been felt.

Broomhall's Foreign Crop Summary was satisfactory. Harvesting has been completed in many European countries and in most areas yields are fully up to expectations, with a tendency to increase earlier forecasts. A somewhat larger outturn is expected in Britain for wheat and the same for feed grains. The French harvest has been completed under ideal weather conditions, both silos and warehouses filled with wheat, Further deliveries are banned and this tends to confirm private estimates that the crop was well above the official 303 million bu. In Western Germany the grain harvest is said to be about 3% better than last year.

Broomhall reported that it was impossible to open the Liverpool futures market until government stocks of corn and barley had been distributed and that a similar situation prevailed at Rotterdam.

There had been a good many swaps recently of red wheat in export positions for government-held supplies of spring and hard varieties, and it now looks as though Germany would buy about 5 cargoes wheat early next week, of which most is expected to be soft wheat.

Primary receipts of wheat today were 1,115,000 bu compared with 1,383,000 bu last week, and 688,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 780,000 bu.

Trade was quite active at times, and there was considerable local buying, with a good many people still believing that the government figures on corn may be too high, and that later reports will show more effect of the heat and drought. There is not much country selling of either corn or beans, and as a matter of fact, it looks to us as though the reserve of old corn in free hands were rather scarce, otherwise there would be a heavier movement from the country, even now to take advantage of the relative strength in the nearby position. We hear some talk that wheat was being ordered out of Chicago elevators, but we cannot confirm this, nor do we know it to be authentic. The only wheat probably moving is a few small lots going to mills from time to time, and wheat East of Chicago is still cheaper. Flour bookings were rather small, and high prices in the Northwest seem to be a handicap. On the other hand, the Canadian crop has officially been estimated at 594 1/4 million bu, a reduction of 9 1/2 million bu from the earlier estimate, and the Searle report, which is based on the production for the Provinces, indicates a somewhat smaller crop.

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CHICAGO, 4 September 17, 1953

According to the last government report, we raised a total winter and spring wheat crop in this country of 1,169 million bu. Nearly one-fourth of this amount comprises red winter wheat and this soft variety, while very good for pastry and biscuit cooking, does not enjoy the same high demand as some of the other varieties, particularly by European importers, who prefer strictly breadgrain. There are, of course, exceptions, and Germany, Portugal, and Spain have at times taken rather large quantities of soft wheat, but the demand is small in comparison with wheat of higher protein content. In the six soft winter wheat states of Illinois, Indiana, Ohio, Michigan, Missouri, and Pennsylvania, we raised this season 269.5 million bu, according to the August estimate, and there will not be a revision until the final figure is given next December. This compares with 215.5 million bu that was obtained in 1952 by the same states; thus there is an increase this season of 54 million bu over a year ago.

The government yesterday showed loans as of August 15th, and apparently 15.3 million bu wheat had been impounded in this area, which is somewhat larger than in past years, but, nevertheless, it is small in comparison with the size of the crop, and particularly when we consider that we had a large carryover of red wheat, and that the yield last summer was nearly of record proportions. Consequently, it is difficult to feel that even with some extra outlets, as for example, to Pakistan and other countries to whom aid is being furnished, we are going to reduce our supplies sufficiently to completely eradicate carrying charges, or to even bring a much better relationship between Chicago and some of the outside markets. No doubt the relative cheapness will give us a better demand, and may create a larger consumptive usage at home, but inasmuch as price itself is not a great factor in determining the amount of bread that is eaten by the American people, nor will the price sufficiently change eating habits, we must still reckon with the idea that there is probably enough soft wheat in free hands to finally be a factor. At the moment we admit that it is not being offered in any quantity, and there has been a holding tendency on part of the producer, very likely for the reason that it has been selling so far below the loan level.

Shipments of wheat and flour from this country were down to 2 1/2 million bu the past week, although the total since July 1st is 53 million bu compared with 56 3/4 million a year ago. During the week Canada exported 5 1/2 million bu but even that is not large considering their total supply situation. Our corn shipments of 1.3 million bu since October 1st bring the total to more than 121 million bu vs. 68 1/2 million bu a year ago. Total bean shipments abroad are nearly double and are 27 million total compared with 15 million bu last year.

Weather in Canada was generally favorable except for a few light showers in southern Alberta. The 30-day outlook just issued at Washington anticipates precipitation that will be subnormal over the western two-thirds of the country, but in the states along the Atlantic seaboard amounts will probably exceed the normal. For the Great Lakes region, Ohio Valley, and southern Appalachain districts, near normal rainfall is expected.

Primary receipts of wheat were quite heavy today and amounted to 2 1/4 million bu compared with 1.8 million bu last week, and only a little more than 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 956,000 bu.

Corn was very firm, and September corn is influenced by the strong cash basis, plus the fact that one of the industries is presumably desirous of getting delivery on contract. This, of course, is having its influence also on the later months, but at the same time there is not much pressure from the country. Wheat turned quite weak, and while there was a slight pickup in flour sales, the volume is still quite disappointing. September beans were also reasonably strong during most of the session, and there are only two trading days after today before trade terminates. The action of the wheat market was largely technical, and a good many of yesterday's buyers reversed their position. Spreaders bought corn and sold wheat. There is still some fear that there may be an announcement soon from Canada that prices are going to be cut in order to do more export business. We have not heard anything definite, but present clearances are apparently disappointing, and unless there is some correction they are bound to add to their accumulated surpluses.

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CHICAGO, 4 September 18, 1953

The second crop estimate just published a day or two ago by the Canadian Government Bureau of Statistics estimates the Canadian wheat crop at 594.2 million bu. This is a slight reduction from the earlier forecast but together with the carryover supply of 363 million bu makes the total available supply 957 million bu. This is the second largest on record, having been exceeded only in 1942-43 when the total reached 980.4 million bu. Furthermore, the indicated supply this season is about 51% above the ten-year average of 638 million bu, despite the fact that supplies in the first three years of that period were considerably above normal. Thus it can be seen that Canada will be a tremendous competitor this year, and since some of our wheat, mainly red wheat, is selling under the price established by IWA, Canada may have to cut their ideas on export values every time the Chicago market declines.

As a matter of fact, the surplus problem is not confined entirely to the bounds of North America. On August 1st of this year the four major exporting countries had 1,584 million bu for export and carryover, which was about 44% greater than the availably supply a year ago. Up to now Argentina has not sold her wheat on a heavy scale, but the present clearances are increasing and thus causing competition all around. We admit that there are some offsetting influences. Harvesting in the Prairie Provinces this year is later than usual and there is some danger of damage from frost before some of the crop reaches maturity. Hail or rust have already caused losses of varying extent, although we believe that full allowance has been made in the last government figure from these causes, including possible damage from rust. Another price offset is the amount of wheat that is currently being impounded in the U. S. While the present figure is 50 million bu smaller than last season, one must still figure that the total will be very large if the general price level remains under the loan. Red wheat has not been moving from the farms in the usual volume following harvest. We do feel, however, that the quantities left in the country must be tremendous, and to that extent the holding tendency on part of the producer is probably proportionately larger than ever before.

The reason, of course, is the big disparity between the market price of red wheat and the loan, but we question whether the farmer is fully taking into account the hazards in carrying red wheat for a prolonged period without liberal application of chemicals to prevent weevil infestation, etc. Here in Chicago the elevators with all modern facilities turn their red wheat once or twice a month to keep it aerated and still there are periods when deterioration occurs. Such wheat if it becomes sick may finally have to be used for animal feed, and it is extremely doubtful in our opinion whether the farmer who formerly sold his crop after harvest is at all aware of the risk he is assuming. He may at end of the crop-year be smarter and better informed, but by the same token somewhat poorer.

In the meantime, the market is not having the same pressure, nor is the wheat coming forward as would have been the case had the price level been more satisfactory.

Secretary Benson is going to Wisconsin tomorrow to make one of the most important speeches in his career. He will talk before 75,000 Mid-West dirt farmers. He regards his speech as critical to the administration, and, of course, the Republicans have been under heavy fire largely due to the fact that agricultural prices have dropped, and that consequently farm income has declined. Mr. Benson will no doubt answer many of the charges that have been made against his office and the administration, and, therefore, any remarks tomorrow will be more than carefully awaited by those of us in the grain business.

Primary receipts of wheat were a little more moderate at 1 1/2 million bu, which was slightly less than last week and last year. Kansas City and Minneapolis stocks so far this week show a net increase of more than 1 million bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of 2 million bu.

The wheat market was very erratic, and undoubtedly there was evening up before the Benson speech which is to be made tomorrow. Shorts covered toward the last. The total wheat barters to-date exchanging spring and hard varieties for red is estimated to be about 1 1/2 million bu, and it is understood that CCC needs about 5 million bu of red wheat for shipment to Pakistan.

September corn continued strong, and gained on the more deferred months. There was also strength to the bean market, and reports from the country were not too encouraging with respect to yields. Furthermore, the country was not in a selling mood. Holland bought 3,000 tons of beans via the Atlantic for November shipment. Flour business continued draggy, and there was hardly any mention made of export inquiries, although there may be some German business next week.

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CHICAGO, 4 Sept. 21, 1953.

Saturday's speech at Eau Claire, Wisconsin had been heralded prior to its issuance by Secretary Benson as one of the most important talks of his career. He stressed the fact that any program must provide for a constantly improved farm economy. Not only should it protect farmers' freedom of choice, but it must be intheir interest as well as in the public interest, and finally it must be financially practical. He pointed out that if it is not financially practical, it will fail, and he referred to the potato fiasco of some years ago. He also pointed out that it must be geared to use rather than storage, and that it should solve problems rather than to create them. His reason for becoming Secretary of Agriculture was not to sit idly by and permit farmers to be squeezed by lower farm prices and high fixed costs, but rather his hope was a forward-looking one, and he feels that in the two years during which time the present program is still effective, we must plan ahead toward a sound means of maintaining and expanding both the security and the opportunities in agriculture. Finally he stated that everyone in the Department of Agriculture consisted of men who were devoted and sincere in their determination to serve the farmer of this land and to help carry forward policies that will build a healthy, better, and a more enduring agriculture that will be free in all respects. The basic and typically American idea behind any farm program must be to help farmers to help themselves.

There have been various interpretations as to whether a two-price system is under study. All that has been pointed out at this time is that Mr. Benson himself needs the best ideas of the people and of the farmers for a sound agricultural program for the future. Never before, in his words, have farmers themselves had such an invitation and such an opportunity, and he urged producers of this country to participate through local farm organizations in the discussions to best bring about the desired results.

When our market opened this morning, wheat was a little lower, and there was nothing particularly new in the talk except that it had emphasized the sincerity of a man who is doing the best he can with the tools at hand. The accumulations were not of his doing, but he showed efforts to expand our markets, and that under the law he was required to call for a referendum which had resulted in some acreage cuts for wheat, while at the same time the new IWA program had been negotiated with prices higher than under the previous contract.

Broomhall reminded us that South American countries were sharing more heavily in the export trade. Last week Argentine shipments of 2 million bu wheat brought the season's total to nearly 53 million bu compared with only 2 1/2 million in the same period last year. On the other hand moisture conditions are somewhat spotted and rains are needed in sections of that country. Unless exceptionally favorable conditions prevail during the growing period ahead it is expected that the wheat crop will fall below the last harvest of approximately 286 million bu. There is also a chance for a smaller outturn in Australia due to insufficient moisture and a smaller planted acreage. Most recent advices say that the sowings will cover 10.1 million acres, whereas it had been hoped and expected that 12 to 13 million would be planted. Last year's crop of 191 million bu was realized because of record yields. The same authority is quite optimistic on the outturn of European crops. The general impression is that earlier promises have found fulfillment and and that upward revisions are likely in some countries.

The visible supply of wheat increased 2 1/4 million bu, total stocks are 314 1/4 million bu, which is 40 million bu more than last year. At Chicago there was a decrease of 350,000 bu, leaving 19 million bu here. The U. S. corn visible showed a small decrease, while oats increased nearly 1 million bu.

Trade was rather moderate; there was early strength in September corn and in September beans, but also some profit-taking, while in wheat bulges were not maintained. It seems that even with some export business developing, supplies in North America are still too plentiful to lend much encouragement to the constructive side of the market on advances. There continues to be some shifting by the government with their releasing hard and spring wheat varieties in exchange for red wheat that is to be shipped to Pakistan.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 September 22, 1953

The price support operations have become so important in recent years, particularly when wheat has sold far below the loan level, that we believe an analysis is justified at this time due to the fact that it may have quite a bearing on the future price level. A year ago wheat impoundings reached the heaviest figure ever attained since the inception of the parity program in 1938. There was 460.5 million bu wheat impounded, which was a record for all time, having exceeded the 1942-43 crop-year figure of 408.1 million bu. On the previous occasion 42.1% of the crop was placed under the loan, which was the largest percentage ever reached, but yet after the turn of the calendar year prices improved, with the result that redemptions were quite heavy and the defaults amounted to only 184 million bu. We find that last season 35.7% of the crop was placed under the loan, and inasmuch as there was no appreciable advance in wheat prices during the spring of the year, redemptions were comparatively light. Thus the defaults amounted to 368.3 million bu which the CCC took over, and it was the largest quantity to which they had ever fallen heir. As a result of accumulations from previous years, the government had a total wheat stock under its domination of 472.4 million bu on July 1, 1953, which was the largest quantity they ever owned at the beginning of any crop-season, and was probably a near record of holdings for any period.

Under these circumstances one must project these statistics to the present crop with the idea that we may again have very large impoundings, particularly as wheat in Chicago is selling about 60¢ below the loan level. In the Northwest and in the Southwest where futures prices are relatively higher and where large cash premiums prevail, there is not the same assurance that we shall repeat last year's story, particularly since the total crop was smaller by some 122 million bu. Furthermore, the question of storage is always paramount, and we are not entirely certain that all of the wheat in the soft wheat districts can satisfy storage requirements as set by the government in order that farmers may take loans on the full quantities they may wish to impound. Nevertheless, the government is not at the present time selling any of its holdings for export, and the only wheat that is being liquidated is that on which quality may be endangered. Thus if we assume that there may be nearly 472 million bu still held by CCC, and that 300 million will bu into the loan during the present crop-year, it would give the government a total supply of 772 million bu. This is practically as much as most people envision for the carryover on July 1,1954.

Meanwhile, of course, the situation is not quite that tight even from a theoretical point of view, as we are consuming only normally wheat and flour for our daily bread, and only about 3 1/2 months of the present crop-year have elapsed. Furthermore, exports of some 250 million bu, which are expected for the entire twelve-month period, are only being shipped at a moderate rate; thus we are still working with surplus supplies. Likewise some allowance should be made for government wheat that will be shipped to Pakistan or other countries to whom we supply aid.

Primary receipts of wheat were 1,788,000 bu compared with 2,139,000 bu last week and 1,541,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 466,000 bu.

Wheat was a little weak at the start, influenced by postponement of the German export business. The five-day forecast was rather disappointing and did not indicate any moisture of consequence for the period. On the other hand the French Minister of Agriculture forecast a wheat crop for France of 321 million, which was larger than last year by about 11 million bu, and also increased the barley and oat crops by a considerable margin. Wheat was erratic and at times responded to the great strength in beans, and also firm prices for corn, but there seemed to be profit taking on advances. It was thought that there may have been some export business in beans, but definite information was lacking.

The corn premium, while adjusted to December, showed somewhat lower cash prices, but it may take time before we get much of a movement to Chicago, although the elevators claimed a little corn and some beans were bought overnight. It is definitely felt in beans that there will be a holding tendency and that the crop has been damaged by adverse weather.

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CHICAGO, 4 September 23, 1953

At the beginning of September most of the controls on the milling trade in Britain had been removed. It seems to be the consensus that under the new program more wheat will be imported into the U. K., as there are no longer restrictions on the use of homegrown wheat for animal feeding, and there may be a more liberal extraction rate on national flour. It has been possible, theoretically, to buy wheat for private account since May 1st, but it was only recently that any such attempt was made by millers or merchants, although from now on as government stocks are reduced we expect greater freedom all around. Millers in that country find that this change comes at a time when there is more or less of an export control in wheat, prices being held up artificially, and at the same time there is no world hedging market that can either absorb or offset every risk which British millers are asked to take, so that the difficulties are quite grave. The Liverpool market, which had hoped to open by this time, is postponing action. The Clearing House had been pretty well organized and the Board of Directors of the Liverpool Exchange had gone to the Bank of England and had done almost everything to prepare the way for hedging markets. There was, however, a realization in official circles of certain risks attendant on high-priced stocks and the possibility that speculative buyers might not be found in sufficient number. Apparently it was felt that government stocks should be disposed of in an orderly manner before the proper atmosphere would be created for re-opening that great market. As one of the high officials stated: "A hedging market is a machine, and a machine must be prepared, well oiled, and in good condition before it can start up again."

When our market opened this morning prices were somewhat lower. There was nothing special in the overnight news, but it still remains very dry over most of the country, and before long we are almost bound to have complaints, although on past occasions we have seen winter wheat planted in "dusty soil" with the result that if germination was possible when later rains occurred, the crop still had a fairly good chance of reaching maturity. There seems to be no great apprehension on this score, and as a matter of fact July wheat is still selling at a large discount under other months. Some believe that it may be stated in reverse: namely, that the old crop is bearing a premium over next year's values for the reason that so much wheat is in government hands, and undoubtedly more is being impounded each day. As we pointed out yesterday, with the exception of some small amounts of government-owned wheat that have been exported to Pakistan or other foreign aid countries, there is still most of the 472 million bu stock which was in the CCC hands on July 1st. In addition there had been 118 million bu wheat impounded up to middle of August, so that actually there is nearly 600 million bu wheat that is not available to commercial interests. The amount might well be larger owing to the fact that over a month has elapsed since the impounding figures were given to the trade, and it would seem reasonable to expect that an additional 75 million bu wheat had probably come into the loan during that period.

Meanwhile, wheat supplies are piling up in Canada, and export demand is inadequate for the 957 million bu crop and carryover they have on hand. Furthermore, harvest has been completed over much of Europe and preparation of land for fall grains is becoming more active, with moisture supplies satisfactory in most areas. This together with the large harvest reported in France and Italy restrains foreign buyers from becoming too aggressive. The Italian crop of 321 million bu which, coincidentally, is the same figure as that for France, shows a slight reduction from earlier indications but is well above last year's outturn of 285 million bu.

Primary receipts of wheat were only 721,000 bu compared with 1,115,000 bu last week, and 644,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 635,000 bu.

The outstanding feature in today's market was the trade in soybeans. There was considerable buying; it had been reported that Germany had purchased 6,000 tons, but probably of greater importance is the fact that there may be a holding tendency on part of farmers, and it is doubtful whether pressure will be too severe. There is some advantage to those playing the constructive side of the market in that there is no carrying charge from November to May, and this is a different situation, as for example, in rye where just the reverse is the case. Wheat had a little spurt at one time, and there was some local buying, but flour business is still rather quiet, although a slight improvement was noted. Until we eat further into our reserves there may be nothing to inspire buying enthusiasm -- in fact, it is only the artificial factors that can really give us much help in that direction. UHLMANN GRAIN CO.

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CHICAGO, 4 Sept. 24, 1953

Secretary Benson in his brief talk before the American Bankers Association pointed out that our economic order is better by far than that of any other nation. The fundamental reason, he said, is because our economy is free. At the same time he felt that we should awaken to the dangers of excessive government adventures in business, too great centralization of power, and undue dependence on public assistance. In our agricultural policy he added we seek to counteract this dangerous trend. He believes inshort that the principles of economic freedom are applicable to farm problems. The Secretary realizes that since the present Administration has taken office they have faced many serious problems; however, these were not problems which they created, but rather that they inherited. The accumulations in wheat and in corn, and in fact those of many other commodities need not be repeated here. Nevertheless, we find that the government is preparing to sell $250 million worth of Federally owned farm surpluses in foreign markets, notably wheat, corn, dairy products, and cottonseed oil are involved in such transactions. The government-owned surpluses are not expected to displace normal trade. On the other hand, foreign countries accepting the food are obligated to continue their normal purchases of U.S. agricultural exports, and this is all part of the agreement now being discussed. Any surpluses that we can get into foreign trade would be in exchange for foreign currency. In turn, the foreign currency that the U. S. receives would then be spent as part of the aid program either for military or economic purposes in free nations, but generally nations involved in the commodity purchases would receive the first benefits. It is difficult to state how much more export business will result if such a program is successful. Nor can we tell at this time whether foreign countries will need as much additional food as is envisaged in this plan.

Our market was firm at the start, but probably influenced also by continuation of dry weather in the Southwest, and we are getting reports that planting of winter wheat has progressed in various localities, but then we are told that most areas express the need for moisture, especially where wheat has sprouted. Some seed is being replanted, and elsewhere the seed is progressing, but ordinarily the best results are obtained when the crop gets off to a good start in the fall of the year. One must not overlook the fact that July wheat is selling 53¢ per bu lower than it did a year ago. This may be due largely to recognition that surpluses have been built up not only in North America but also in other surplus nations.

The Department of Agriculture has revised the export figures of wheat and flour for last season, and now reports that 316.6 million bu were exported compared with 474.3 million the previous season. It is not expected that our shipments for the current crop year will be as great, although for the first two months; namely, July and August, clearances have held up very well, but now that Canadian competition is becoming more keen the demand is dropping off, and we believe this is one of the reasons that the government is trying to seek additional outlets.

We also heard from Washington that the Judiciary Committee would investigate the extraordinary imports of Canadian rye into the U.S.; during a period of eleven months nearly 5 1/2 million bu of rye have come here from Canada compared with 2 1/2 million in the previous twelve months.

There continues to be some swaping of red wheat by the government for other varieties, and one authority believes that 2 1/2 million bu may have been exchanged thus far.

European crops are now safe from the weather. In addition to France and Italy, which have heavier production than last season, Sweden has a wheat crop of about 6 million bu greater; Great Britain's outturn will be about 10 million larger; while Turkey will exceed the previous year's figure by 37 million bu. A decline of 4 million bu is indicated for West Germany. It looks as though Sweden, France and Turkey would have a surplus for export.

Primary receipts of wheat today were 1.3 million bu vs 2.2 million bu last week and 1.4 million last year. Kansas City and Minneapolis stocks show a total increase of 865,000 bu.

Wheat turned very strong after the first hour on a report from Representative Lanham of Georgia that Secretary Benson might be on his way out, and that there might be a reversal of agricultural policies. We doubt this very much due to previous assurances that the Secretary has made. Nevertheless, wheat and corn remained very firm, but there was some selling of beans, and that commodity closed lower. Rye was very strong on the possibility of smaller imports due to the gossip which we have mentioned above.

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Secretary Benson in [illegible] before [illegible] [illegible] out that our [illegible] better [illegible] than [illegible] any other [illegible] mental reason, he said, is because our economy is [illegible] but [illegible] that we should [illegible] government [illegible] too great centralization [illegible]

The Secretary [illegible] and in fact those of many other countries need not be [illegible] here. [illegible] hand, we find that the government [illegible] owned farm surpluses in foreign markets, notably wheat, corn, [illegible] and oil are involved [illegible] expected to [illegible]

[illegible]

Our [illegible]

[illegible]

We also [illegible]

There [illegible]

[illegible]

DAILY MARKET LETTER

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CHICAGO, 4 Sept. 28, 1953

There was no special news over the week-end except that unusually high temperatures prevailed over all parts of the Southwest. We seem to be in a dry cycle with apparently no rain in sight for the immediate future except around the extreme northern portions of the corn belt. While a good deal of the wheat has been seeded in the Southwest some may have to be replanted and germination cannot continue under propitious conditions without a good, soaking rain. Under these circumstances, it was not surprising to see the wheat market open rather firm. There are, of course, other considerations that offset to some extent the bearish world statistics, and PMA furnished some figures on Friday indicating that there was 470 million bu wheat in their inventory supply on June 30th, the cost of which was $1,187 million. CCC is authorized by statute to have total borrowings outstanding and obligations to purchase loans held by lending agencies at any time of $6 3/4 billion to carry on its various programs, including the price-support program. As of June 30th, of this year, CCC had in use $3.9 billion of its statutory borrowing authority. Thus there was still available $2.85 billion. Actually there were other current operating obligations of nearly half a billion dollars but part of this may be liquidated by the use of borrowing authority. In addition to the wheat on hand the government held 228 million bu corn and over a billion pounds of cottonseed meal.

There was a larger movement of beans from this country, and this had an early influence on the bean market. The American Soybean Association feels that there may be some reduction in crop estimates yet to come, and they further believe that there is a strong holding movement under way in the main producing areas of Iowa, Illinois, Indiana and Ohio. Possibly it will be the strongest in history. They believe that from reports that have been received 60 to 75% of the crop will be stored on farms and in elevators in those areas. There is, however, an offsetting factor: namely, that processors feel that the combined price of meal and oil in relation to beans is too low; consequently, there is some talk of closing their plants.

There continues to be talk of curbing imports of Canadian rye, oats and barley into this country. As far as can be ascertained the Tariff Commission has not done anything up to this time on the oat import control recommendation of USDA. Nevertheless the grains affected, and rye in particular, showed some strength this morning when our market opened.

There has been improvement in the Australian wheat crop due to recent rains in dry sections but other localities have not benefited, and it looks as though the acreage increase would be small, if any, and will require very favorable weather during the growing period to give us a yield as large as last season. Argentine wheat exports have been smaller than expected and with three-fourths of the year gone shipments have been only 55 million bu. However, chartering of vessels has been active recently and substantial clearances should occur during the next few months. There was some export business in corn, Norway having made purchases via both gulf and Atlantic, while a better milling demand was reported and some wheat hedges were taken out of the pit.

Large cash premiums still exist Southwest and help to fill in a gap between market and loan. There is still some swapping of red wheat for hard and spring varieties, but it is difficult to gauge how much of this business has resulted up to now.

The visible supply of wheat showed an increase of 574,000 bu. Total stocks in all positions are 314.8 million bu, which is 42 1/2 million more than last year. There was a slight increase in Chicago with more than 19 million bu in this market. The U S corn visible increased 840,000 bu; total stocks of 7.1 million bu are small, and compare with 15.2 million bu last season. The oat visible increased over 1 million bu, and with 23.3 million bu, we still have 6 1/2 million bu less oats in various positions than a year ago.

Markets were rather firm, but soybeans led the way after some hesitancy at the beginning. Traders point out that at this time last year beans were selling for more than $3.00 per bu, and even then we did not have a burdensome accumulation at terminal markets. We rather believe that if the withholding tendency is great that the nearby positions will be the strongest. Corn did not do much, but was helped finally by higher prices for other commodities.

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CHICAGO, 4

September 29, 1953

There have been discussions for some time on the question of sending up to $250 million worth of farm products abroad under foreign aid programs. Some of the farm groups have been urging the government to be more aggressive in the handling of this business, and apparently there is nothing new in today's announcement except that it had not been previously known whether exports would be handled by the government taking stocks from the accumulated surpluses, or whether the business was to be done privately and in the open market. The idea in either case was to let foreign buyers use their own currencies, owing to the fact that many countries were unable to buy dollar exchange. According to the news we get from Washington, the business is now going to be handled privately, and this decision it is felt will be more helpful in that the export houses in this country have a better grasp of the methods employed in the selling and shipment of food and grain supplies. Of course, traders would be free to buy government-owned surpluses if they were unable to buy in regular commercial markets, but in any case it does look as though it might lead to additional business, and for that reason our market opened somewhat higher this morning.

We have not heard anything definite yet as to whether the Canadian government is finally going to meet competition and reduce prices. There was a dispatch from Ottawa on September 14th denying rumors of price cuts. A leading Canadian official at that time stated that there is absolutely no truth in the rumor. At the time this denial was made, the Board price for class two and IWA wheat was $2.02 1/4 Yesterday the price was $1.98, and in the meantime there had been some offerings even cheaper; so we do not know exactly what the status is but can only judge from day to day as the fluctuations are made public.

Our information from the Southwest is that cash wheat premiums are still very strong, and there seem to be daily advances, with No. 1 hard wheat in Kansas City worth about 20¢ over the Kansas City December future. Higher proteins and choicer types of milling wheat are bringing even better prices. Thus the loan is apparently having more of an effect in the Southwest and in the spring wheat districts than it is here in Chicago. There are a number of swaps being made, and while it is difficult to tell what the total volume has been, it may take some additional quantities of red wheat from the surplus stock, but whether it will be enough to finally have much market influence is difficult to say. There is still about 19 million bu wheat in Chicago, and of this quantity about 9 1/2 million bu is No. 2 Red.

In Argentina, President Peron made a speech last Saturday and he guaranteed to continue paying farmers high basic prices for their production, despite the 50% drop in the international price level. He made no mention, however, of freeing the grain trade or of changing the present method of effecting export sales. Therefore, it must be assumed that that country is also resorting to subsidies of one kind or another.

Primary receipts of wheat today totaled 1,820,000 bu vs 1,788,000 bu last week, and 1,919,000 bu last year. Primary receipts of corn are 1,457,000 bu compared to 997,000 bu a year ago. So far this week wheat stocks at Minneapolis and Kansas City show a net increase of 215,000 bu.

According to Broomhall, harvesting of grains is almost completed over Europe, with soil preparations for next year's crops under way, and moisture supplies good following recent heavy rains. In France, wheat yields are reported to be exceeding previous forecasts, and indicate that the official estimate of 321,600,000 b may again be raised. The rainy spell has ended in Italy, and conditions are now favorable for corn harvest, with most reports indicating a large crop. Further rains have been received in Australia, which have benefited the growing wheat, and indicate considerable improvement in the overall outlook, although reports from some sections, especially New South Wales and South Australia, stress adverse effects of previous dryness. In Argentina moisture supplies are deficient over large areas with insects causing concern in some localities. A good soaking rain is needed over the entire grain belt.

Limited country offerings, together with strength in oil, imparted firmness to the bean market, and from reports throughout the bean area harvest is progressing rapidly. The early demand for wheat was not maintained with lower prices finally being registered, although volume of trade seemed rather light.

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CHICAGO, 4 September 30, 1953

We are still without word as to when the Liverpool futures market will be reopened, but we are convinced that it is congestion of grain in Britain more than anything else which has caused the delay. A hedging market needs ample space for deliverable stocks on which its trade is based. According to Broomhall, ships arriving in Britain have had to wait weeks before finding a berth; consequently, owners were faced with serious financial losses. Before handing the trade back to private firms, the Minister of Food had bought heavily. It is quite doubtful whether anyone had suspected or had been prepared for the fact that the trade would get back into the harness and work so quickly. Actually a considerable amount of American corn and Canadian barley was brought forward, and these supplies almost immediately started competing with government stocks, so that available storage room was not forthcoming. Efforts were made to ease this situation by sacking grain and sending it into the country, which was partially successful, but yet the grain was arriving so fast that it kept full pace with the amounts shipped out. It is fortunate that this situation shows some signs of easing, yet up to a week or so ago, silos, warehouses, and barges were still full, although there was a chance for some of the arriving steamers to find berths, and they could thus accommodate arrivals more expeditiously. Broomhall still thinks that it may take considerable time before normalcy is restored.

Our market has not been influenced much by reports of dry weather Southwest, although temperatures in all parts of the country have moderated, but there is still no rain in sight. In Kansas, for example, clear skies and high temperatures, together with some winds since September 3rd, have greatly increased the demands for moisture. Topsoil has dried rapidly, and wheat that is up has suffered from the heat and lack of rainfall, although wheat seeding has made mostly good progress, even though some farmers have delayed operations. For the state 58 % of the intended wheat acreage has been seeded compared with 45% last year, and 60% two years ago. Our own people tell us that it has certainly been unseasonably hot and dry, and while it is not figured that any real damage has been done to the growing wheat thus far, surely if this type of weather would continue for any length of time, it would be bound to take its toll.

After a rather easy start there were reports from New York that Germany was asking for offerings tonight of 5 cargoes of red winter wheat and 2 cargoes hard winters. However, with a 20¢ differential between the two grades some exporters thought that the business might all go into red wheat, and this had a firming influence. July wheat has been gaining some on old crop futures. The price of new wheat at $1.90 is about 60¢ below next year's expected loan level, and a year ago at this time July wheat was bringing $2.40 per bu, while two years ago the price was about $2.43. This is all true despite an expected acreage cut, but as an offset we shall probably have a record carryover of 775 million bu wheat in the reserve stock at the end of the season, although a large part of it may be in government possession. Some forecasts are being made now that last year's record impoundings of 460 million bu may be exceeded. A year ago the redemptions amounted to about 90 million bu, and nobody can make predictions this early, but high prices that are being paid for cash wheat both in the Northwest and in the Southwest may bring some of this grain back finally into commercial channels.

Primary receipts of wheat today were 1,142,000 bu compared with 721,000 bu last week, and 529,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 264,000 bu.

According to The Southwestern Miller, flour sales overnight were extremely light. Early in the session markets were somewhat paced by the strength in beans, which cereal was somewhat stimulated by higher oil prices, as well as reports from different areas of disappointing yields. However, later in the session when it was announced that Longshoremen in New York and 11 other eastern coast ports would go out on strike at midnight tonight, liquidation was brought into the markets. As to the effectiveness of the strike, and just what ports will be strikebound, it is difficult to state, as a report from Philadelphia and Baltimore ports mentioned that they hoped to avoid a strike, but a tie-up of the eastern facilities would naturally hamper to some extent export shipments.

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CHICAGO, 4 October 1, 1953

Secretary Benson spoke at Niagara Falls a few days ago, and said that it is high time we had an awakening to the dangers of excessive governmental adventures in business, too great centralization of power, and undue dependence on public agencies. In our agricultural policies we must seek, and we shall seek, to counteract this dangerous trend. Our people must remain free. Our economy must remain free. Individual freedom and citizenship responsibility depend upon the principle of helping the individual to help himself. Government should help, not dictate. It should guide, not "take over."

Before the opening of our market we learned that while moderate temperatures prevailed over most parts of the country, it was beginning to turn warm again, and this is certainly unseasonable weather for early October. Chances are that 90 degrees or more will be registered in Kansas, Oklahoma, and Texas, and nearly that high in parts of the corn belt. Thus, the wheat crop is not getting off to a very good start, and in many places germination has not been possible. The Santa Fe Railroad report stressed the fact that surface soil has dried out rapidly, and that many farmers are now planting wheat in very dry soil. Generally speaking, subsoil moisture is inadequate throughout most of Kansas, and therefore the development of the crop will depend almost entirely on current moisture. In Oklahoma there have been counties where surface moisture was sufficient to bring wheat up to a stand, but in other areas farmers are planting in the dust, or waiting hopefully for rain. The Texas Panhandle is still sorely in need of moisture, and while most of the wheat crop has been planted and is up, continued growth is dependent on current rains, as moisture received during July and August is being depleted rapidly.

There was some export business overnight, with about five cargoes of hard wheat having been sold to Germany, but there was no red wheat scheduled as some had thought, and this is a little surprising because soft varieties are selling for so much less money. We are not doing a particularly good business in the shipping of wheat. Last week's clearances, including flour, were only 2.3 million bu, which brings the total since July 1st to 61.3 million bu compared with 67.8 million bu last year. We also find that Canada is falling behind, during the past week they shipped only 3.6 million bu of wheat, which is certainly not a large quantity in view of total wheat supplies of 957 million bu which they had at the beginning of the season. That figure, of course, included crop and carryover. The total Canadian clearances since August 1st have amounted to 47 million bu compared with 59 million bu last year.

According to Broomhall, Turkey shipped some wheat again during the past week. From the first of June through September 15th they cleared about 4 1/2 million bu. He also stated that Russia was offering corn and barley for export, while Bulgaria was offering wheat. Black Sea ports shipped 200,000 bu of corn to the U.K. last week, which was the first of the season. Italy has not yet ratified the IWA program, but even if they do there are grave doubts whether she will buy except at the minimum due to heavy old-crop wheat stocks, and a bumper new crop that was just harvested.

Primary receipts of wheat today amounted to 1,255,000 bu, which hardly differed from either last week or last year. Kansas City and Minneapolis stocks so far this week show a net increase of 270,000 bu.

There was some disappointment early that the export business to Germany had been reported at rather unsatisfactory prices, and because no red wheat was involved we believe that there was a tendency for carrying charges to widen here in Chicago, particularly as there were no further swaps reported.

The President acted promptly by invoking the Taft-Hartley Act with respect to the Longshoremen's strike, this apparently will relieve tension temporarily and should permit normal shipments if the men go back to work. As a result, we had moderate advances in wheat.

One of the private experts will make his October crop forecast tomorrow, and there may be a further cut in bean production. Senator Young had asked Secretary Benson to impose higher supports for oats, barley, rye, etc., and to ban imports. This may have had a little influence, but mostly on rye.

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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 2, 1953

Dry weather seems to continue over most of the country. It is still unseasonably warm, and apparently no relief is in sight. Even the five-day forecast did not suggest that much moisture would occur during the period, and while we had a somewhat similar experience a year ago, at least at that time temperatures were more moderate; therefore, topsoil did not dry out as quickly as is the case now. Because of the fact that we finally raised a winter wheat crop of 878 million bu, the trade does not seem to be much concerned over this development, and in fact, more attention is being paid to other matters.

We had a private estimate this morning which showed no great changes in the crop outlook, except for beans. Galvin's estimate of 265 million bu was a cut of 15 million from the month before, and was about as expected owing to the fact that there has been deterioration. Nevertheless, there has been considerable buying during the last two weeks based on reports from the country that the crop had been going backward. The corn estimate shows a slight reduction from the September figures officially given, but not enough to be important, despite the severe drought and high temperatures which have prevailed. There is, of course, one factor that very seldom is the crop safe from frost damage this early in October, but apparently there can be no worry on that score at the present time, and the yield per acre, which is about 40 bu, is nearly 5 bu better than the ten-year average (1942-51). The Illinois soybean crop, which is currently forecast at 74 million bu, is nearly one-third the entire crop for the country, but apparently there is a holding tendency, and from what we can learn farmers are not rushing their beans to market; thus far receipts both in Chicago and downstate have confirmed this fact.

While we are getting plenty of competition in the wheat export field at the present time, yet there is no assurance that the next Southern Hemisphere crops will be as large as last season. This is particularly true in Argentina, where there has been a moisture deficiency over much of the country. It is claimed that rains are badly needed, and October is generally one of the critical months. Meanwhile export sales are being made at a rate below the basic guaranteed price granted to farmers. President Peron has assured the grower that these high basic supports would be continued. There could, of course, still be a fairly good crop with favorable weather during the next several weeks, but it is strange how that country has also experienced a drought simultaneously with ours.

Premiums in the Southwest continue strong and the same is true in the Northwest. This is showing the effect of impoundings and may finally have more of an influence on markets, although eastern barters yesterday were smaller probably due to the tie-up of boats.

The farmer, while still relatively prosperous in spite of some declines, especially in cattle prices, is likewise being squeezed by state and local government taxes. On his farm real estate taxes were 5.2% higher last year than in 1951. These taxes are largely payable in 1953. They were, however, 77% higher than in 1945 and 105% higher than in 1940. While several reasons are given for these sharp advances, it seems that levies imposed for the operations of school systems make up the major part of these increases in rural areas. Other factors, of course, count, such as the provision for more adequate facilities by drainage, irrigation, etc. Likewise roads must be repaired and new ones built. In recent years the continued rise in the cost of materials and services, even without any expansion of business activities, has required a big increase in the taxes levied.

Primary receipts of wheat were 1,333,000 bu, which was a little less than last week, and a little more than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 343,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 870,000 bu.

Today was a session when carrying charges in practically all grains seemed to widen. This referred also to soybeans, despite a holding tendency on part of farmers; this cereal lost a good part of its advance, despite some export inquiry from Japan, although it was difficult to confirm any actual business. July wheat in our opinion is strong due to adverse weather, and lack of rainfall, while in corn there seems to be more weakness in the December future than in other deliveries, apparently indicating that the trade expects some accumulation of supplies. It is still very dull inthe flour trade, but prices are high because of premiums, and this apparently is retarding new business. Cash corn premiums were decidedly lower on old corn.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 5, 1953

There was some unexpected moisture over the week-end. Eastern and central sections of Kansas, Oklahoma, and Texas received rain, and in some localities it was quite heavy. Probably of greater importance was the southwestern section of Oklahoma, which had heavy precipitation, ranging from 1 to 6 inches, and this is ideal for planting the balance of the wheat acreage, and also helping that part which had already been sown. Moisture occurred in parts of Missouri and over the corn belt, which in view of the prolonged drought should prove helpful. This is at least a start, although cooler weather and clearing conditions will prevail for the next thirty-six hours.

It is now estimated that world wheat production this season has amounted to 7,025 million bu; this is 265 million bu less than the record crop of 7,290 million bu produced last year, or a decline of 4%. The main reduction was in North America, but carryover stocks of wheat are much larger, and therefore, surpluses still loom for sometime to come. The wheat production in Europe is estimated at 1,275 million bu, which is 45 million bu larger than in 1952. There have been record or near-record crops in a number of Western European countries, which account for most of the increase. In Asia, the wheat outturn is estimated at about the same as last year's harvest. It seems that larger crops in Egypt and French Morocco more than offset smaller production in Algeria and Tunisia. As for Southern Hemisphere, conditions there are a little more favorable now that rains have fallen in Australia, but chances are that the big crops of last season will not be repeated.

No fair-minded person in this country begrudges the farmer parity income. By the same token it is high time that we realize that he cannot forever depend upon government subsidies, at the expense of other citizens. For enduring prosperity, some thought should be given to the customers of farmers, for those people must have some share of parity income if they are to buy the meat, the butter, the wheat and the products of the farm. We are referring to the American investor, who is subjected to a double tax on dividends. According to surveys made, there are between 6 1/2 and 9 million people who own stocks in this country. A share-holder of a company is taxed not only on the net income of the corporation in which he holds shares, but again when a portion of that income is distributed to him as a dividend. Certainly no other form of individual income is subject to such a dual Federal assessment. Yet many investors in the middle income group, who are the farmer's best customers find that under this double tax, their income is inequitably reduced, and there is little incentive to invest their funds in seasoned industries. Moreover, the investor must face the capital gains tax, also an extraordinary tax, for the reason that capital gains are not income. No other nation even though hungry for revenue has imposed a tax on such gains. We say again, have consideration for the farmer, but do not forget the average investor in the U.S. who supports him, and is a larger consumer of his products when he, too, has money.

Primary receipts of wheat today totaled 2,630,000 bu vs 2,626,000 bu a week ago and 2,364,000 bu last year. When the wheat visible was posted today there was a net increase of 88,000 bu, making the total stock approximately 315 million bu, or about 43 1/2 million bu over a year ago. Chicago stocks of wheat changed very little during the week, while corn stocks in Chicago increased 337,000 bu, and oats declined 247,000 bu.

According to The Southwestern Miller, flour demand was extremely light over the week-end, , and the buying pace shows little sign of immediate pick-up. While the trade is no longer hoping for a big downward adjustment of cost, the feeling exists that with costs at new highs for the season there is less risk of an extension of the advance; therefore, the tendency is to hold back on commitments. It is expected that tenders will be made to Germany on Tuesday for the purchase on Thursday of 30,000 tons of either red winter or #2 hard winter. Wheat was influenced by unexpected rains in some of the areas of the Southwest, and also by the weakness in corn. The spot market in Chicago for the latter cereal has declined about 14 to 15¢ per bu within the past week's time. Harvesting is beginning to gain momentum, and offerings from the country are on a more liberal basis.

According to the American Soybean Association, the Illinois harvest of beans proceeded at a record clip, and a great bulk of the crop is now out of the fields; harvest should be completed between the 15th and 21st of the month in the more northern areas. The corn-hog ratio for the week ending October 3rd was 15.2 against

15.2 a week ago, and 11.9 a year ago.

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CHICAGO, 4 Oct. 6, 1953.

During the past few years we have been importing fair amounts of feed wheat from Canada, but chances are this practice will be greatly reduced. BAE tentatively figures that domestic consumption of wheat will probably amount to about 700 million bu, which is slightly more than for the season earlier. Feed use is expected to account for about 120 million bu, while 80 million bu may be used for seed, and another 500 million bu should take care of all food requirements, including use by our territories. Therefore, we shall add considerably to the carryoverreserve on July 1, 1954. During the first two months of the crop-season, imports of wheat for domestic use totaled less than 1 million bu compared with 5.5 million bu last year. Our exports of wheat and flour during August are estimated at 21.5 million bu, which compares with the official exports of 25.8 million bu during the month of July, and 26.1 million bu during August 1952. We shall probably be fortunate if total shipments run somewhere between 260 and 280 million bu, although special gifts may swell this figure beyond what it is possible to export on a competitive basis. We find that imports of oats during July and August have amounted to 13 million bu, and on that basis were about the same as last year. The bulk of the imports have come from Canada although a million comprised Argentine oats. Imports of barley for those two months have totaled 5.2 million and rye, 1.3 million bu.

Argentina shipped approximately 5 million bu all grain during the past week, of which about one-half was wheat. Thus they are stepping up their program to some extent, and for the next few weeks there will probably be a continued good movement. On the other hand, Australian shipments of wheat and flour have been dropping off, although for the first nine months of their crop year, they exported about 84 million bu of wheat compared with 63 million bu in the same period last year. Indications are that both Southern Hemisphere countries will carry fairly sizeable quantities into the next crop unless there is some expansion in shipments during the next three months. While it is a little early yet to make forecasts for the next crop, preliminary reports, both from the trade and officially, suggest that smaller wheat crops are in prospect for both Argentina and Australia. During the past week it was mild and dry in Argentina, which further depleted the already deficient moisture supplies in a number of sections. Rains, according to Broomhall, would be welcome now over the entire grain belt. In some of the drier sections there has been damage sustained, and unless rains are received soon it is possible that crop comment will become increasingly pessimistic. As we pointed out a day or two ago, rains have relieved dry conditions in Australia, and most sections of that country seem to have sufficient moisture for the time being, although reserve supplies are short in some areas. There is some business expected to Germany by Thursday but it may include Canadian wheat, and it is difficult to say whether any purchases of red wheat are to be made from this country.

Weather has turned clear and cool over most of the wheat belt. No precipitation is expected and the five-day forecast is likewise pessimistic for further rains.

The Department of Agriculture announced that it would support the price of corn at about the same level as last year. Such loans and purchase agreements will be available to farmers at time of harvest through May 31, 1954, and will then mature on July 31st of next year.

Primary receipts of wheat today were 1,403,000 bu compared with 1,820,000 bu last week, and 1,662,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 53,000 bu.

Trade was rather dull, there was some weakness in corn at the opening, but one of the leading industries bought a fair quantity of December corn, and the market rallied, showing a good undertone during most of the session, even when wheat prices weakened. There was some commission house selling in the leading cereal, and as yet there is no general encouragement to buy, apparently it is going to take time to eat into our reserves with the slow export demand and the poor export sales. Nevertheless, im poundings must be heavy, which may tell the story later on. Contract stocks of wheat in Chicago rose to 12 1/2 million bu, which was an increase of about 800,000 bu during the week. Beans were strong, and the holding tendency is preventing accumulations at terminals.

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CHICAGO, 4 October 7, 1953

On Friday we shall have the October government report, and unless the spring wheat figure is cut much from the last estimate of 291 million bu, we can assume that the total crop and carryover in this country will amount to about 1,728 million bu. Allowing for imports of 5 million bu, we shall have a total supply of 1,733 million bu. On the assumption that our exports will be in the neighborhood of 260 million bu, it suggests a carryover on July 1, 1954, of 773 million bu.

There are a good many plans afoot to try to increase foreign shipments.We have, of course, considerable competition. Canada has a tremendous crop and will probably sell everything that is physically possible to get from interior points to the seaboard. Turkey is exporting larger quantities than usual, while Argentina continues to make barter arrangements with Britain involving wheat, corn, oats, and rye in return for which they will accept metals, drugs, etc. In addition to the wheat that is being sold from Argentina, there is a fair rye business going on. In the past six weeks that country has sold about 9 million bu for export, but even this is a rather insignificant figure based on the 50-million-bu crop which is by far the largest ever produced. The heaviest shipments of rye were in 1947-48, when 13 million bu went overseas. That year Argentina raised only 22 million bu, although a fair amount was carried over from the preceding season. Ordinarily, March, April, and May are the heaviest export months, but the fact that rye is being sold at 96¢ a bu, FOB, probably explains the reason for the poor demand from Canada. Therefore, one of her best outlets is to the U. S. It now looks as though Australia would ratify the IWA as soon as Parliament reconvenes. The Australian Wheat Board will still remain the sole selling agent.

According to Broomhall, farmers are busy now over much of the European Continent preparing the soil for winter grains. In most areas, conditions are satisfactory, and unless there is some deterrent, it is expected that acreages will come up fully to those of last season. There has been dry weather in France which favored field work, following recent rains which had put the soil in good condition. Threshing returns from the old crop were very satisfactory, and Broomhall's correspondent believes that production will be at least 328 million bu compared with a recent official calculation of 321 million bu, and last year's crop of 309 million bu.

There was some flour business overnight, and this together with the strength in oil and beans gave us a higher opening.

The subsidy on wheat from Gulf and Atlantic ports was raised 3¢ a bu, and from the West Coast 4¢ a bu, according to advices from The Southwestern Miller. Since the week-end subsidies have advanced about 4 to 5¢ in contrast with market declines in wheat futures of 2 to 2 1/2¢. This increase in subsidy indicates more anxiety on part of the Agricultural Department to help the overseas business, which had been dragging pretty badly. In some cases Canada had taken from us some of the recent trade, and apparently we are making every effort to stimulate business.

There was no rain overnight except a few light showers around the lake. Warmer temperatures are in prospect but there seems no immediate hope for precipitation and only parts of the Southwest were relieved by Saturday and Sunday's rains.

Primary receipts of wheat were just about 1 million bu, which was a little less than last week but twice as great as last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 10,000 bu.

A good deal of our activity came right after the opening insofar as wheat was concerned. Higher prices yesterday afternoon for oil were the forerunner of a better market in beans this morning and there was also a little export business to Holland, that country having taken about 1/2 cargo for October-November shipment.

President Eisenhower had ordered government officials to make $5 million worth of farm products available for urgent relief requirements to Bolivia. The food, however, will come out of CCC stocks wherever possible.

The head of the PMA said that the 1954 price on barley, rye, oats, flaxseed, and sorghums would be set at levels which would not encourage surplus production. This, however, had very little influence on the market. July wheat was again strong and most of the state reports talked of very dry conditions. There seems to be a little investment buying of July wheat and also some spreading against sales of earlier months which seems to be widening the carrying charge. Corn was very firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 8, 1953

A year ago at this time wheat in Chicago was selling at a much higher level than at present. For example, December wheat was $2.32 3/4 while July wheat was $2.40 per bu. It was generally figured that with the large quantities that would be impounded under the loan, a fairly high price level was warranted. There was, to be sure, a big carrying charge between December and May wheat; in fact, this amounted to about 9¢ per bu even with 3 million bu less contract wheat in our market than at the present time. However, red wheat in that period was selling much more freely, and apparently there had not been the holding tendency on part of the farmer, which we have had this season. Still there was a friendly sentiment to the market, and in our opinion prices finally would have held fairly well had it not been for the fact that another large crop was harvested during the summer of 1953, and that during the spring months there was some selling of CCC stocks to exporters, which eased the situation even though the bulk of the last carryover was in government hands.

We feel at the present time that July wheat, which is selling well under the $2 mark, has some merit. First of all, there is no assurance that we are going to have another large winter wheat crop next summer. Indeed, the crop has not gotten off to a good start, and, moreover, the acreage has been cut. Strangely enough, not much attention is paid to this possibly for the reason that on July 1, 1954, we shall probably have the largest carryover reserve in the history of the country. Even if we did not raise a single bushel of wheat, there would be enough to take care of domestic requirements for another 12-month period.

It is not difficult to write a bearish market letter based on world statistics. Many peculiar things are happening, as for example, some negotiations now pending between Finland and Brazil for the sale of Finnish wheat, possibly of Russian origin to South America at a price that figures about $2.39 per bu CIF Rio. We also found this morning that the much advertised German business had been done in Canada with our country not sharing in the order due to exchange difficulties, although it is our understanding that other buying is expected to take place next week. There were about 7,000 tons #3 Manitobas sold and this is less than a cargo, so that additional trade will undoubtedly be a factor before long. Canadian wheat shipments each week are larger than those from the U. S. Of course, that country, with a population of only 14 million persons, consumes only about 160 million bu at home, with liberal allowance for usages of various sorts; therefore, the bulk of the grain has to be shipped out, otherwise it fills up storage space and creates problems. There had been some rain reported in Argentina, which was badly needed. Undoubtedly the new wheat is in better condition now, but Broomhall states that until he gets the actual seeded acreages of wheat, barley, rye, etc., there is no way of guessing the size of the next crops. It looks, however, as though they would be smaller than last season.

There was a fair amount of futures buying at Minneapolis occasioned by flour business, and their market was quite strong. In our market, wheat opened a little lower but July wheat continued very firm, and there seems to be a tendency toward wider carrying charges, with the new-crop future in better demand than recently probably for the reason that it is selling about 60¢ below next year's probable loan. This, of course, makes it attractive, particularly when we consider that the price is nearly 50¢ per bu lower than a year ago at this time.

Primary receipts of wheat were 1,170,000 bu compared with 1,255,000 bu last week and 935,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 79,000 bu.

A cotton report published during the session was construed as quite bearish and this had some effect on soybeans but that market recovered on reports from New York that heavy exports were expected during the season. Wheat prices were mixed, the nearby months weakening, while new buying seemed to come into the May and July futures. Corn was rather indifferent although we had several reports today indicating that yields were not turning out as well as had been anticipated. Therefore, it will be interesting tomorrow to see whether the government report cuts the production figure much from the September estimate.

There was no pick-up in flour sales. A small amount of red wheat was sold to Norway but commercial business was generally of small proportions.

UHLMANN GRAIN CO.

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[illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Oct. 9, 1953

Before our market opened this morning there were a number of factors that could have been construed bullish. First of all the oil market opened very strong, and we had advices from New York that there had been a big business in cash bean oil yesterday afternoon and the spot market was sharply higher. Thus it was a foregone conclusion that soybeans would advance, and this had some influence on other grains.

Besides this the five-day forecast gave no encouragement whatsoever for any appreciable amount of rain in the Southwest. It looks mostly dry, and even over the corn belt just a small amount of moisture is expected. To give our readers an idea of how dry it is in parts of Texas, let us look for a moment at conditions in the Texas Panhandle. Normal rainfall for 9 months in that area is 17 to 18 inches, but in 1953 they had less than 7 inches, or a deficiency of nearly 11 inches. For the entire year of 1952 only 12.5 inches fell, and of course, deficient moisture has been the reason for crop failures during the last four years, but unless it is made up in some way, prospects for next summer are not at all good. Much will depend on the amount of rain or snow that falls during the winter and spring months, unless we have relief before that time. One authority points out that while wheat prospects look very dismal, it should be remembered that the land has rested now for almost four years, and if rains do come the fertility of the land could still produce crops beyond expectations.

Late yesterday the government in accordance with its forward pricing policy, announced that the wheat loan based on the national average would be $2.20 next summer, this price to be a minimum. If parity advances above the September level, the loan will be higher. At the same time there are going to be stiffer penalties for anyone who violates acreage allotments and plants beyond his quota. A farmer would not only be unable to secure a loan on the wheat, but it would also make him ineligible for support on any other basic crops. Thus, it looks as though the December crop report would be somewhat bullish, with smaller acreage, although the figures given at that time would naturally be modified if we have some precipitation during the late fall.

There are reports coming to us from the Northwest that even with the spring wheat crop in excess of 290 million bu that buyers are finding scarcity amidst plenty. So much of the wheat was low in test-weight that there is naturally a good demand for better quality wheat, and here lately the December future has been gaining rapidly on the May delivery. Some people believe it may go to a premium of 15 to 20¢ a bu. Also premiums are apt to remain strong in order to compete with wheat that is going into the loan. In the Southwest a tightening process continues with respect to premiums, and we are told that the price level at Kansas City is still 25¢ too low to permit loan redemptions. Current prices are fully 20¢ below the effective loan on new impoundings, although in some portions of the Southwest there is a discrepancy of only 10 to 12¢ per bu. All this suggests that the artificial factors may have some influence as time goes on.

Primary receipts of wheat were 1,530,000 bu compared with 1,333,000 bu last week, and 949,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 43,000 bu. When the visible supply of wheat is posted on Tuesday it will compare with a decrease last year of 2.6 million bu.

Markets were rather firm, but best prices did not hold. We heard from Washington that as of September 15th, the total quantity of wheat impounded was 239.4 million bu compared with 262.2 million last season. We do not have all of the state figures as yet, and it will be interesting to see early next week how much of the red wheat has been placed under the loan. So far the largest quantities impounded were in Kansas and Oklahoma. While less wheat has gone into the loan than last seaso we must not foget that the crop was likewise smaller.

Beans were the strongest of the commodities, and there was some export business reported.

Corn did fairly well considering that receipts on Tuesday probably will be large.

We find that Germany is buying some wheat from Turkey at prices lower than ours, and so far 1.8 million bu has been bought, but if first arrivals are satisfactory 3.7 million more will be involved in additional trades.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 13, 1953

Secretary Benson spoke before County Agricultural Agents in Philadelphia last evening. He pointed out that we are eating more and better food than ever before. Last year we consumed per person about one-third more eggs than before the war. We consumed about one-fifth more milk, cheese and ice cream per person, as well as more citrus fruits and vegetables. Our meat consumption has risen about one-fifth, and we are doing much better than that this year. We are eating more beef per capita than in any year of record and the actual amount is 75 lbs per person. It seems that more aggressive merchandising and our beef purchase program are helping to put beef into stomachs and not into storage. Despite these factors, we face serious challenges today in that we have excess stocks of some commodities. There has been a loss of export markets and a severe price farm squeeze. These emergencies, he pointed out, developed because farm policies and programs did not prevent them. In some respects farm policies even helped to bring the emergencies into existence.

Late Friday, BAE issued crop production figures and the corn estimate, while lower than last month, was almost in line with a private expert's views previously given, There was a small decline in wheat, but a considerable shrinkage in the prospective bean crop, with the yield somewhat less than 260 million bu, which compared with 279.7 million bu last month, and 291.6 million bu last year. The ten-year average crop in this country was only 219 1/2 million bu but since our consumption has risen rapidly, a crop of the present size is considered small, indeed, and may cause curtailment of our exports during the coming twelve months. It was estimated that 6.6 million bu beans were back in farmers' hands, which was a larger figure than on previous occasions. Last year there was only about 2 million bu in that position.

From a statistical point of view there is nothing very bullish in the wheat situation, but as we pointed out on Friday, loans are mounting, and there is nearly 240 million bu impounded, as of September 15th, which compares with 262.3 million bu for the same period last year. Of course, the crop was smaller than a year ago, but there is one interesting development: namely, that the quantity that has gone into the loan east of the Mississippi is 42.3 million bu. Offhand we would say that this was greater than in any previous year, suggesting that larger quantities red wheat were involved.

Present agricultural supports for basic crops are being continued along the same lines as heretofore. The national average price support level for the 1953 corn crop is $1.60 per bu, the same as it was last season. A minimum national average price support of not less than $2.20 per bu has been announced for the 1954 wheat crop, which compares with $2.21 last year. As we pointed out if parity on wheat on July 1, 1954 is higher the support level will be increased to reflect 90% of the wheat parity price at that time. To be eligible for price supports in 1954, a producer must be in compliance with his 1954 wheat acreage allotment and all other 1954 allotments which have been, or will be, established for basic commodities in which he has an interest on the farm. The farmer must also obtain wheat marketing cards for all farms in the county on which he has an interest in the wheat crop. Lower price supports for non-basic crops are being considered in order to discourage overplanting. This refers to such crops as oats, barley, rye, sorghums, etc., and there may be cuts later for soybeans, cottonseed, etc.

The visible supply of wheat showed an increase of 388,000 bu, and total stock of 315.3 million bu compare with 268.9 million bu last year, so we have 46 1/2 million bu more on hand. The corn visible increased 867,000 bu, and total stocks of 8.8 million bu are only half of what they were last season. The oat visible increased 1.1 million bu to 22.7 million bu, and is now 7 million bu smaller than a year ago. Chicago wheat stocks decreased 127,000 bu, but there is still 19 million bu in Chicago. Other commodities showed minor changes, except beans, which increased 1.1 million bu to a total of 3 million bu.

Markets were firm; beans led the way, and the bullish report brought more buying into the field. There were minor upturns in wheat, and while corn was easier at the start due to heavy receipts, the cash basis was quite firm. The commercial interest was rather brisk, and the futures market recovered. It still stays very dry over most of the country.

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CHICAGO, 4

October 14, 1953

The House Agricultural Committee is touring the Mid-west in order to ascertain the farmer's views on new agriculture legislation to be debated at the next session of Congress. The Committee heard nearly 50 witnesses in South Dakota yesterday, and the farm organizations were almost solidly united for high level price supports for most products except beef cattle. Virtually all advocated extension of present 90% parity price supports on major crops, and wanted this extended beyond next year.

This is not surprising for the reason that the dominant philosophy of this country during the past two decades has been to turn toward Washington for hand-outs of one kind or another. The Treasury, of course, has no magic source of funds, the money is collected from taxpayers in every state of the Union. The march toward a powerful central government has been a shrinkage, not only in state sovereignty, but also in state revenues. About 75% of all taxes are now collected by the federal government, leaving only 25% for state and local governments as compared with 66% for these units in 1928. Actually the federal government has invaded so many tax fields and is taking such a large proportion of the funds available that state and local governments are hard pressed to finance their regular activities.

Before our market opened this morning there had been reports of rain in the Texas Panhandle; precipitation was heaviest at Amarillo where 1 1/4 inch fell, and rains were scattered but not general. 1/4 to 1/2 inch fell over the North Plains, but there was no precipitation yet southeast of Amarillo, but Dalhart, Texas received .60 and Perryton .48.rain. The forecast is for additional showers, with rains also forecast for western and central portions of Oklahoma and Kansas by this afternoon or tonight, and probably eastern portions Thursday. Thus, there has been some chang although we realize that it will take more than just a few drizzles to correct the dry soil condition following the prolonged drought. Lack of surface soil moisture has retarded completion of seeding to winter wheat rather generally in the state of Kansas, and no doubt in other parts of the country. Early planted wheat is up to fairly good stands, but later seedings, according to the weekly reports, are very spotted, or in some sections they claim that the plant has not yet emerged. For the state of Kansas 82% of the intended acreage was seeded compared with 74% for the same period a year ago, and 93% in 1951.

Portugal is due to buy a few cargoes of U. S. hard or red wheat here, or they may purchase Canadian wheat by tomorrow, but inquiries were lacking from other importers.

We learned with pleasure that the Liverpool Corn Trade Association had decided to start trading in Liverpool wheat futures on December 1st. It is understood that traders overseas, as well as those in Britain, will be permitted to operate on the new futures market. Foreigners will be allowed to remit and receive Sterling for margins, and unpaid differences on contracts remaining open for maturity. We do not have complete data on reconverting British funds to dollars, and until that point is settled they may have more or less a local trade when their market reopens after having been closed for 14 years. Non-residents will be allowed to make deliveries and to take tenders. However, foreigners will not be permitted to re-export from Britain any wheat delivered to them on contract.

Primary receipts of wheat today totaled 1,272,000 bu vs 998,000 bu last week, and 1,022,000 bu on the comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 134,000 bu.

During the session news was a little mixed, reports were received of some further moisture in southwestern areas. Towner, Colorado, reported an inch of rain over their territory, while several points in southwestern Kansas reported from a sprinkle of rain to slightly heavier precipitation. Also some reports of moisture were received from Oklahoma.

The government announced that it plans to spend $165 to $175 million for agricultural surpluses which it would then re-sell abroad and use the foreign currency obtained in the foreign aid program. According to the plan, U. S. commercial exporters will sell specific surplus farm commodities abroad. The foreign countries will pay the U S in their own currency, and we will spend that money for military and economic aid to friendly foreign countries. However, on the other hand, it was reported today that Western Germany had consummated a deal for their first postwar foreign trade with Russia, German firms will use accumulated surpluses of American dollars and Swiss francs to pay for Russian wheat and oil. In fact, one trade has already been reported involving 9,000 tons of Russian wheat. Flour business is rather small, Oil and meal prices were lower, causing an easier feeling in beans, In corn buyers are less aggressive than for the past few days, altho country offerings are not large.

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CHICAGO, 4 October 15, 1953.

Probably the greatest promise for continued high agricultural consumption is the rapid growth in our population, with apparently no end to the increase in sight. The net gain is 5 persons every minute, and thus every minute there is created an additional demand for almost 8,000 more pounds of food per year. That alone, however, has not been sufficient to take care of our surplus problem with the loss of export markets, and despite the fact that farmers insist that they want to be largely the master of their own financial situation, most of them cling to the theory that 90% of parity loans have been extremely helpful to them and that they were willing to make certain sacrifices if the present programs could be continued beyond 1954.

Within ninety days Secretary Benson must be prepared to make his recommendations before the Congress of the U. S. The administration has been studying every possible means of whittling down federal expenditures to dimensions that will enable it to perform the essential functions within the sphere of its proper operations Secretary Benson did not state what kind of farm program the administration would offer to Congress next January, although he made it amply clear that he sees plenty of room for improvement in the present law, which requires the government to support basic crops at 90% of parity. Members of the Farm Committee meeting at Sioux Falls felt it almost certain that the Republican-controlled Congress would extend the present rigid price supports beyond the 1954 crop-season, and that they might even extend mandatory supports to some new crops. Undoubtedly the results of the Wisconsin election will have considerable bearing on any future action. This has apparently alerted many Republican leaders to the fact that the farm program is, indeed, very important.

We believe that today's advance, not only in grains but also in cotton, was due largely to the possibility that something constructive would have to be done, and that agricultural prices might have to be stimulated in one way or another. There surely is reason to be moderately hopeful in that economic activity continues near record high levels. Personal incomes rose to a new high in July, while high industrial activity and employment have always meant a continued high demand for farm products.

Before our market opened this morning there had been some fine rains reported in parts of the country. Southwestern Oklahoma received moisture which ranged from light showers to 1 1/2 inches precipitation. There was also further rain fall over portions of western Kansas and in Texas, but unfortunately the moisture was spotted and did not cover all areas. It looks as though scattered showers would occur over southern and eastern portions of Kansas tonight, with fair weather by Friday. Scattered showers are indicated for southeastern portions of Oklahoma tonight, while some light rains are likely for Texas either tonight or possibly by Friday

Export business in wheat continues rather disappointing, although we heard that a cargo of No. 2 red wheat was sold to Portugal via the Atlantic, and also cargo of No. 2 hard wheat was sold via the gulf for first half November shipment. There continues to be a fairly good export business in beans, and there were unconfirmed reports early that France had bought 14,000 tons soybeans and that Holland had taken 4,000 tons, also. The bean market showed considerable buoyancy and pressure from the country seems to be extremely light.

Primary receipts of wheat today were a little over the million bu mark, which was somewhat smaller than last week, but a little larger than last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 220,000 bu.

Not much attention was paid to statistics or to routine factors. It seems that with the possibility that there will be more politics in the market there were general advances, and even rye and oats, which had been a little indifferent during recent weeks, showed good gains for the day. Wheat was also bought on the possibility that with a very poor rice crop in Japan there might be larger exports to that country. Domestic milling trade was slightly better, but no great improvement except for small lots needed for current shipment. The corn basis in Chicago was about the same as yesterday, but there was active buying of futures, and the close was strong.

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CHICAGO, 4 October 16, 1953.

There had been some rain in central Oklahoma and in eastern Kansas, also in parts of Nebraska, which of course will be helpful, but the five-day forecast is not at all optimistic; nor does our weather man believe that further rains during the next thirty-six hours will amount to much. Trade, however, had a chance to reflect on the President's speech made last evening in Kansas City, in which he appealed to farmers for patience until such time as his administration could build up a bi-partisan agricultural program which would be submitted early next January. He called attention to the expiring price supports at end of 1954, and stated that there would definitely be continued support, although he did not say at what level. Meanwhile, the Agricultural Department's Advisory Committee has formally recommended a two-price system for supporting wheat. It should be noted that this is only an Advisory Committee and that its recommendations are not necessarily followed. They are, however, of the opinion that wheat growers should get 100% parity on that portion of the grain consumed domestically for food, bread, cereals, etc., or on about 500 million bu. On the balance which is left for feed, seed, and export, there would be no support, but in this connection the new plan differs to the extent that we do at the present time support that amount of wheat which goes into exporting channels and which must be subsidized in order to compete with other surpluses. The new plan would not protect accumulated surpluses.

Prior to the President's speech, Mr. Benson spoke before the same group at Kansas City, THE FUTURE FARMERS OF AMERICA, and as usual Mr. Benson spoke eloquently on spiritual values, as few other men in this country can do. We have read practically every one of his speeches since he came into office, and while the newspapers refer mainly to a few of the economic highlights we are always most impressed with his observation on the character of man and his entire philosophy of life. Mr. Benson has stressed that world population is increasing at the rate of about 23 million persons a year. Many areas must look to surplus-producing lands, such as the U.S. for food. Therein lies the real hope for expanding our export markets for farm products. Even at home steady increases in population are occurring. In 1940, there were 132 million people in the U.S., while today we have 160 million; by 1955, we may number 165 million, and by 1975 possibly 200 million. Meanwhile, the number of our people engaged in agriculture has been and probably will continue to go down. For example, in 1910, there were about 12 million persons actually engaged in the business of farming; today there are around 10 million. By 1975 the number may be reduced to only 9 million or even fewer. Thus farming techniques of every description are permitting more men to go into other fields even as population growth takes place. On the average each person in this country eats about 1,600 lbs of food a year, or four-fifths of a ton. In order to provide for our annual increase in population at present rates of consumption, it requires an increase in food supply equal to the present output of all the farms in New Jersey, Maryland, and Delaware combined. On an acreage basis it means that we need to add annually the equivalent in production of about 7 1/2 million acres to our farm output. Thus Mr. Benson subscribes fully to our belief that as we people this country in greater numbers, the outlook for agriculture looms continually brighter.

Primary receipts of wheat today were a little over 1 1/2 million bu, which was practically the same as last week and compared with less than 1 million bu a year ago. Kansas City and Minneapolis stocks so far this week show a net increase of 104,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last season of 3.4 million bu.

Trade was not as active as yesterday, and for the most part there was some profit-taking following yesterday's sharp advances. Wheat and oats held relatively better than some of the other cereals. There was no sharp break anywhere along the line, and with the President meeting with a dozen governors of the drought-stricken states, it brought to mind that the disaster program would be of a continuing nature. Flour sales were moderate overnight, but there seems to be some resistance to recent price advances. Some export business was put through, and Japan was reported to have taken 1 million bu of U.S. white wheat via the Pacific, but a greater quantity of Canadian. There were also some sales of soybeans, but there was nothing definite stated on the amounts.

Rye showed some advances, which was undoubtedly short covering, but there is a wide carrying charge, and if imports from Canada continue there is some doubt in our mind as to how far this commodity will go. The recent price decline was probably overdone, and even now rye is selling on a rather low basis as compared with wheat. There was some export business in barley from both U S and Canada.

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CHICAGO, 4 October 19, 1953

Weather forecasters were a little more optimistic in their views. For the first time in a long while our Mr. Johnson called attention to the likelihood of general rains in the Southwest by tonight or tomorrow. This followed on the heels of some moisture which had occurred over the week-end in Nebraska and parts of Iowa. Our market has responded more to other factors, and on basis that Secretary Benson might continue to support non-basic grains at a high level, we had a very firm opening. Beans were particularly strong, and despite the fact that we shall probably have a larger carryover than on previous occasions, buyers were influenced by the possibility that the suggested drop in the support price to 70 or 75% would probably not be invoked, but that rather an 80% figure might be used compared with the present loan of 90%.

The American Soybean Association believes that the carryover on October 1st may be 8 to 9 million bu, which would be the largest in history and would compare with less than2 million bu last season. We have pointed out so often that this commodity until recent years, was a comparative stranger in our farm economy. We recall that thirty years ago only about 5 million bu beans were raised in this country. Today the soybean supplies a large share of our fats and oils; as soybean meal and protein it nourishes our livestock and poultry. To a minor degree, also, it is useful in making plastics, adhesives, paint, varnish and soap. Thus when we raise as much as 300 million bu, there seems to be a fairly good demand, particularly with exports of possibly 30 to 35 million bu, which reduces the quantity for home usage.

Oats and rye were likewise stronger on the possibility that Secretary Benson would continue to support non-basic grains at a higher level than had been intimated a few weeks ago.

The House Agricultural Committee, in completing its tour of the Middle West, seemed quite impressed with the farmer demand that basic crops be supported at 90% of parity after the present law expires in 1954; thus we had considerable firmness all around with some short-covering in the various pits.

There was considerable selling of December corn by a Northwest elevator interest, but this was absorbed by scattered buyers. Estimated receipts in Chicago were 614 cars but about one-third or more was for account of CCC; therefore, there is not much pressure from any source and receipts of beans were very light today, indicating that the movement from first hands would probably continue of small proportions.

Southern Hemisphere crops, according to Broomhall, are now in the critical growing period, and weather over the next several weeks will largely determine the outturn. There has been some improvement in Argentina, as well as in Australia, and crop comment from both countries is more onthe optimistic side. Nevertheless, the expectation is that yields and harvests may be smaller in both countries owing to adverse conditions that prevailed earlier in the season.

When the visible supply of wheat was posted there was a decreaseof 1,861,000 bu, which was less than the shrinkage a year ago; total stocks in all positions are 313.4 million bu, which is 48 million more than we had the same period last year. The corn visible increased 1.3 million bu, but even a stock of 10 million bu in the various markets compares with 18.3 million a year ago, so there is considerably less on hand. The oat visible decreased nearly 1 million bu, leaving 21.8 million in all markets compared with 29.2 million last year. Beans increased 3 million bu. Chicago wheat stocks decreased 108,000 bu, but this still leaves nearly 19 million bu in Chicago. There was a 567,000 bu increase in corn locally, and 145,000 bu increase in oats, while beans increased nearly 1/2 million bu.

Best prices did not hold. There was some profit-taking in wheat, and possibly the fact that rains are expected had a little sentimental influence. There was considerable covering of rye by local interests, but after this buying had been accomplished the market declined. The carrying charge remains heavy, and it is a handicap, in our opinion, to bullish operations. Flour business was moderate over the weekend, and with many bakers having let their stock run down we may expect some further trade, or at least some replacement buying.

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CHICAGO, 4

Oct. 20, 1953

The findings of the House Agricultural Committee are in no way surprising. It was almost a foregone conclusion that when these men visited farmers in the Midwest and asked whether they were satisfied with the current program and if they wanted high parity loans continued, the answer would be affirmative. Farmers are no different in that respect from other segments of our population. They realize that we are living in a prosperous country and that with only 6% of the world's people and land, we possess about half the world's radios, three-fourths of its telephones, and four-fifths of its autos. We have in the U. S. three-fifths of the railways and close to half the electric power. We also have a larger portion of our youth in high schools and colleges than any other country. Thus we all live in a choice land, and one of great blessings and opportunities. The farmer, too, has had great benefits, not only in the high prices he had received in recent times, but actually his total farm output last year was nearly 44% greater than in the prewar period (1935-39) and thus set a new record. The total quantity of foodstuffs available to consumers was at an all-time high. In addition to this, the American farmer has five times as much invested in machinery and motor vehicles as he had in 1940. There are about 4 1/5 million tractors in operation, which is an increase of 200,000 over the year before. The American farmer owns about 2,400,000 trucks, which is an increase of 100,000 over the previous year. Farmers own about 4,350,000 automobiles, an increase of 70,000. The quantity of other machinery of farms is up about 9% in a year's time. All this makes it possible for him to carry on his activities with much less labor than was formerly needed.

When parity was first considered a desirable adjunct to the producer's welfare, yields per acre were much smaller than they are at the present time. When we weigh a bushel of wheat or a bushel of corn against the various purchases that farmers make, the equation is much more profitable today than it was in the base period, 1909-14. At that time our yields of corn, wheat, and oats per acre were far smaller than they are at the present time because of modern technique that has been developed. Thus, on an acre of land, farm parity is much more favorable today than it was prior to World War 1, but this is something that is seldom, if ever, considered when weighing the cost of commodities purchased for farm living in return for farm production. The original and the general theory behind farm legislation was to bring back prices of farm products to this parity relationship. However, by computing each individual bushel of grain instead of the farm income per acre, the early concept has been lost. Therefore, national parity as it exists today is no longer the weighted equivalent that was first intended, nor is it a true index of the relationship to the golden era in which farmers were said to have enjoyed a truly perfect balance between the things they bought and the things which they sold. The truth is, the farmer is getting much more.

The overnight weather was rather disappointing, although there were some rains in Nebraska, and precipitation reported this morning at Sterling, Colorado. It looks as though widely scattered showers would occur this afternoon, tonight, and Wednesday over western sections of Texas, and there may be some rains in western and central parts of Kansas tonight, spreading to eastern points on Wednesday. The five-day forecast was not too optimistic, but in spite of this our wheat market showed great indifference. The corn basis was lower, and still the December future was the strongest and gained on the more deferred months.

Primary receipts of wheat today were 1 1/2 million bu compared with 3.4 million bu last week and 666,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 118,000 bu. Contract stocks of wheat in Chicago are 12.3 million bu, which was about the same as it was the week before. Of this amount 9.8 million bu constitutes #2 red winter wheat.

There was some selling of December wheat today against purchases of May by elevator concerns, and we suspect there will be deliveries on December contract, although much can happen in the meantime. Markets generally were dull and flour sales have fallen off a little. Beans were firm, although the recent advance of 37¢ a bu from the low point is causing traders to be a little more cautious.

Foreign crop advices are fairly optimistic. Europe is having mild weather but moderate to heavy rains have fallen in many areas in the past week, and while they interrupted field work they were very beneficial and should improve the seedbed for winter wheat. Only partial rains fell over France and Germany, but where they occurred plowing was facilitated.

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CHICAGO, 4 Oct. 21, 1953

The whole parity concept has become distorted, and we do not believe it was ever intended that the farmer should get anything but parity income in order to solve his problem. Unfortunately, when the program was first brought into use they figured a balance between each bushel of grain and the commodities which the farmer purchased. However, it will be seen from the figures given below that in the base period 1909 to 1914 we were raising rather mediocre crops, and that there have been great advances made in farming, so that in the ten-year average period, (1941-50), yields of wheat, corn, and oats have gone up materially:

WHEAT	CORN	OATS
1909 - 15.5 bu per acre	1909 - 26.1 bu per acre	1909 - 28.9 bu per acr
1910 - 13.7	1910 - 27.9	1910 - 30.0
1911 - 12.4	1911 - 24.4	1911 - 23.8
1912 - 15.1	1912 - 29.1	1912 - 36.3
1913 - 14.4	1913 - 22.7	1913 - 27.9

The average yield per acre of wheat during the base period was 14.2 bu per acre, while the recent ten-year average was 17.2 bu per acre, or an increase of 21.1%. Corn during the base period yielded 26.04 bu per acre, while in the ten years ended 1950 we produced 34.7 bu per acre, an increase of 33.25%. Oats yielded 29.38 bu per acre during the base period, but there has been an increase to 33.0 bu per acre, so that we are now raising 12.32% more than we did at the time when farmers were supposed to be having their golden era.

All this suggests that if we want a really true evaluation of giving the producer his full return then we must modernize the computation and take into account present-day techniques, improved fertilizers, better seed, and the various other factors which are now making an acre of land worth more in actual returns than was the case prior to World War 1. We mention this in great detail because, to our knowledge, none of the members of the House Agricultural Committee have taken these facts into account in their dealings with the farmers in order to determine what the future policy should be.

It was announced in Washington that oats, rye, barley, and sorghums would be supported at 85% of parity next season, and that the proposed drop would not be invoked. However, because of the transitional period the farmer will not do as well; for example, he will only receive a loan of $1.15 on an average farm price for his barley, which compares to $1.24 for the 1953 crop. On rye, he will get $1.43, or the same as this year. In oats, the loan will be 5¢ lower, at 75¢ per bu, and grain sorghums figure $2.28 per CWT, compared with $2.43 the year before.

The wheat market was at first influenced by some wonderful rain over the Southwest. It was quite heavy over portions of western Kansas, the Texas Panhandle, and sections of Oklahoma. There were also light showers over Nebraska, although east of the Mississippi River it was generally fair. In Southwest Oklahoma they had 1/2 to 1 inch of moisture; in the Texas Panhandle moisture ranged from light up to 3 inches or more. This should be of tremendous value to the next winter wheat crop.

The foreign inquiry for wheat was somewhat better, but unfortunately a good portion is still going to Canada. There were, however, two cargoes of U.S. corn sold to the United Kingdom.

Primary receipts of wheat were a little over 1 million bu, which was somewhat smaller than last week, and compared with 490,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 44,000 bu.

Corn became strong right after the opening, and had some influence on other grains, but during the session we had reports that hard rain was falling at Wichita, Kansas. Apparently the precipitation has covered a wide area. There was a wave of buying during the session that was of considerable help to the soybean market, but before the close there was some liquidation and apparently longs were a little more conservative in their operations.

Flour business was reasonably good, but most orders were of modest proportions, merely to cover current shipments. The elevator interests in this city are not buying near the quantity of corn that they generally do at this time of the year, and apparently there is quite a holding tendency on part of farmers. This is all having the effect of preventing heavy accumulations, and accordingly it may prevent us from having much of a carrying charge, although undoubtedly sharp price advances would bring heavier selling from the country.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 22, 1953

As Secretary Benson pointed out in a recent talk, the successful farmer today is essentially a businessman. He uses capital in the form of land, machinery, livestock, and buildings. In many instances farmers use considerably more capital than is invested in most small businesses. We must take into account that the character and the nature of this great enterprise has changed vastly over a period of years. At the beginning of 1953, farmers had nearly $22 billion in financial assets. This included currency, U. S. bonds, bank deposits, and investments of various sorts. They had over $17 billion worth of machinery and motor vehicles. In short, agriculture is a $165 billion business, with total debts of less than $16 billion. There have been other great strides to be sure because today the farmer has become dependent on power equipment in order to get his work accomplished. There are only about 6 million horses and mules left on farms while forty years ago there were nearly 25 million head. Gradually, as mechanized equipment has come into use, it has by the same token released millions of acres from feed production, but it has also given farmers the advantage of going into the fields for short periods at a time when weather conditions were favorable. Thus he could plant and harvest much more efficiently, and very often those periods made all the difference between good crops and crop failures. Growing efficiency is the key to lower costs, wider markets and a more stable income. It provides the basis upon which agriculture can more easily make its adjustment in the changing economic scene, whereby, as we stated at the beginning of this letter, a good farmer, who is a good businessman, profits accordingly.

We had some more fine rains over the southwestern territories. First reports did not indicate how extensive they were, but we later heard that they had up to 3 inches during the past few days over much of the Texas wheat territory. This, of course, changes the picture, and it is extremely welcome before the plant hibernates. The rains also extended into Oklahoma and into New Mexico, with Clovis, in the latter state getting up to 2 inches. An unsettled map still prevails, and more precipitation is likely. There was also moisture in Kansas and in the Northwest, which is helpful, as many of those districts had complained of dryness.

There was some Manitoba business reported in wheat, but we heard of nothing early from the U.S., although inquiries were in the market. According to Broomhall, only 2 1/2 million bu of wheat and flour cleared last week. The total for the season is 71.8 million bu compared with 88.8 million a year ago. We note that Brazil booked large lots of wheat from Sweden and Turkey on a barter basis.

Washington advices claim that supplies of feed concentrates for the current season, including grains and by-product feeds, are estimated at 172 million tons, or 3 million tons larger than the year before, and 10 million tons above the 1946-50 average. With the possibility of slightly smaller consumption of feed grains than the 1953 production, the carryover stock of feed grains one year hence is expected to be close to the record of 30.6 million tons in 1950. Our corn exports last week were over 1 million bu and soybean shipments were 762,000 bu.

Primary receipts of wheat today were 1,264,000 bu compared with 1,078,000 bu last week, and 831,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 131,000 bu.

There was some weakness in markets early, but short covering later in the day rallied the price of wheat, and there was little new pressure. Japan was asking for offers on 8 cargoes of Canadian wheat today, and an unspecified amount of barley, but unfortunately much of the new business is going to Canada and not coming here. We did, however, do some business in beans, and it was reported that Japan had purchased a small cargo via the Gulf, but beans were weaker, and as we have pointed out for the last few days, speculative longs are a little more conservative in their views. Flour business is extremely light, some replacements are occurring, but even this type of business was smaller than during recent days.

The cash basis on corn was about the same as yesterday, but the country is not selling in any volume, and many believe it will take an advance from this level to encourage much of a movement from the country.

Oats were weaker, and we understand that some cash oats that were carried in this market were sold to an elevator interest.

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CHICAGO, 4 Oct. 23, 1953

Next year farmers are faced with the problem of what to do with the 17 million acres to be taken out of wheat under the allotment schedule. We might also ask the question as to what they will do with the additional millions of acres that may be taken out of cotton production. For the first time "multiple compliance" has been made a prerequisite for price supports on the six basic crops. This means that farmers will have to comply with all federal acreage allotments in effect on basic crops next year to get price support on any one basic crop. If a producer grows both wheat and corn for example, he will have to stay within his individual acreage allotments for both crops or become ineligible for price supports on either one of them. As we look back, we find that we have been getting most of our production increases in recent years not in use of new land but out of bigger yields on old land. No doubt this will continue to be the case. We recall that formerly there was about 100 million acres sown to corn alone, and gradually as the soybean crop became more important, land was taken away from corn, which went into beans, and today we have about 84 million acres corn and 16 million acres beans, which illustrates the point that there is still only 100 million acres combined for these two commodities.

Secretary Benson views the growth of our population optimistically, as we have done for a long period. He shows that population changes make the agricultural balance sheet look very good. There are, roughly, 6 persons in our population today for every five in 1940. However, there are less than 5 persons on farms today for every six in 1940. This means two things: It means that farmers have more customers, and it means that there are fewer persons in agriculture to share in total income and total assets. In other words, the balance sheet is even better than it appears on paper.

There is some talk in Washington that flexible price supports are the most promising alternative to the rigid high level supports now in effect for corn, and possibly also for some of the minor grains, like rye and oats. We do not know whether it is politically feasible to make revolutionary changes in the agricultural program at this time. So many people have become accustomed to the present high supports that they overlook the secondary effects of the accumulations that might finally plague the whole program. Good things always come slowly, and even new thoughts do not always develop overnight. It has taken several decades, for example, to get hybrid corn adopted to the nation's farms. It took ten years for industry and agriculture working together to put hybrid corn on virtually 100% of the corn belt acreage. Similarly it took ten years with agriculture working together with industry to double the use of fertilizers. It required about fifteen years before industry and agriculture could accomplish the present existing farm power mechanization. Today, however, wheat production is almost completely mechanized and corn production is fast approaching that point.

Primary receipts of wheat were 1,390,000 bu compared with 1,572,000 bu last week, and a little over a million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 268,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of 3.8 million bu.

Exporters had bought futures last night on the prospect of some business with Spain, but this failed to materialize; these hedges were apparently sold out and caused some early weakness. Later, the local element bought rather heavily, and figured that the business might still come over the week-end. The commercial demand, however, was very light. Beans were quite strong, and we heard that MSA had granted $2.6 million to Formosa for the purchase of soybeans to be shipped between October 21st and the end of January. We believe that beans are in a rather strong position due to the fact that the crop is so much smaller than last season; also chances for heavy exports are likely to continue. Corn was firm; in fact, the whole list was higher, but there was no special news outside of the features just referred to. Actually flour business was slack, and shows no signs for immediate upturn.

We heard of some high protein wheat in the Northwest which had been sold by a farmer at a price that figured 12¢ above the loan. Therefore, one must not overlook the strength in outside markets, particularly for cash wheat, as there could be redemptions as time goes on.

The rains in Texas and Oklahoma continued and are regarded by some to be sufficient to carry wheat through the winter.

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CHICAGO, 4

Oct. 26, 1953

After the close of the market Friday, the Bureau of Agricultural Economics gave figures on stocks of grain in all positions, as of October 1st. There were 1,539 million bu wheat held and this was the largest quantity for that date in the comparable series beginning in 1935. The off-farm wheat stocks were 977 million bu., the largest on record for that date, while stocks on farms were 562 million bu, the third largest of record. Compared with a year earlier, farm stocks were 10% larger and the off-farm total 17% greater. There were 20.3 million bu rye stored in all positions, which is 56% larger than the 13 million bu held a year ago, and despite a poor crop October 1st stocks are about in line with previous years. Corn stocks constituted the carryover, which is 764 million bu. This reserve was exceeded only in 1949 and 1950, and is 57% larger than in 1952. Of the current stocks, 334 million bu remain on farms, including some under government loan. The sorghum carryover was relatively small and oat stocks were below average, while barley stocks were close to the smallest of record for October 1st.

Before our market opened this morning there had been some wonderful rain reported in the Southwest. Texas was favored again, and in places as much as 2 inches fell. There was also fine moisture in Oklahoma and in Kansas; the latter State had not received very much last week but there was more than an inch at Hutchinson, while Coffeyville, which is in the southeastern part of the State, received 1 1/2 inches. There was also an inch or more at Wichita. Nebraska was benefited and there was some nice moisture in our Northwest, but east of the Mississippi, little rain fell although there is some chance that those areas will receive rain by tonight or tomorrow, while in the Southwest it seems to be clearing.

Exports of wheat and flour during September are now estimated at 19 million bu compared with the official exports of 20.5 million during August. Total exports from July through September total 65.3 million bu, which includes about 10 million bu that was shipped to Pakistan. Exports during this period last year totaled 72.8 million bu. Corn exports are estimated at around 8 million bu for September, which brings the total for the 1952-53 season to 136.7 million bu as against 75.5 million for the same period the year before. Imports of oats continue heavy and during September totaled 5.5 million bu, which was a little larger than last season. Since beginning of the crop-year we have brought in mostly from Canada nearly 20 million bu, or slightly more than in 1952. Rye imports since July 1st are 4.2 million bu compared with less than half a million in the same period last year. Imports of wheat for the first three months of the season amounted to only 382,000 bu compared with 8.6 million bu imported in these same months last year.

Primary receiptsof wheat today were 2,342,000 bu vs 1,963,000 bu last week. and 1,576,000 bu on comparable day of last year. When the visible supply was posted wheat showed a decrease of 358,000 bu, leaving a total of approximately 313 million bu, or about 51 1/2 million bu more than last year. Wheat stocks in Chicago decreased 212,000 bu, leaving a remainder of 18,700,000 bu. Chicago corn stocks increased slightly over 1 million bu, beans increased 169,000 bu, and oats and rye showed small decreases.

It was reported over the weekend that Spain purchased 3 million bu of red wheat. This imparted some enthusiasm to our wheat market, but we understand the sale price FOB the Atlantic for the last half of November was 15 1/2¢ over Chicago December, and the December shipment at 17 1/2¢ over. It still makes it about 7 or 8¢ out of line for shipment from Chicago.

The Southwestern Miller reports that flour sales are moderate for hard winters, but the volume has again slackened on the spring varieties after a day or two of sizeable bookings. Early in the session the oat market was somewhat stimulated by an article in the Northwestern Miller from Washington stating that it seems probable the government will impose controls shortly on importations of oats. While nothing is known definitely, the report indicates that John H. Davis, who has replaced Mr. Romeo Short as head of the FAS, is an advocate of import controls.

Corn was strong, some of the locals were good buyers, and also there was evidence of scattered buying by commission houses.

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CHICAGO, 4

October 27, 1953

While there is a good deal of talk of smaller farm income, the fact is that cash receipts from marketings during 1953 will still probably total $31.2 billion, or only 4% below 1952. The total volume of marketings is at a record high, and actually 4% larger than last year's volume, but as an offset prices of farm products are averaging considerably lower. For example, there has been a sharp drop in price of cattle. Income from livestock has fallen despite a 4% increase in volume of sales. Cash receipts from cattle and calves are downabout 10% from last year, and dairy receipts have declined about 7%. The farmer has done quite well on his hogs, and cash receipts are about the same as a year ago, even with a smaller volume of sales but higher prices have been helpful. Receipts from eggs are up nearly 15%, and receipts from chickens about 7%, mainly because of higher prices.

We find that from 1947 to 1950 farmers' dollar incomes dropped 26%, and thus it is quite obvious that a reaction set in long before this administration took office. During 1951 farmers' dollar incomes recovered about half of their previous drop, but their purchasing power regained only 1/5 of its previous decline. It is not expected that the gross income in 1954 will be any better than at present; in fact, it may be a little smaller. However, some further reduction in expenses also seems likely, so that farmers' realized net income next year may finally hold close to this year's level.

One of the main reasons for the general drop in farm income has been mounting surpluses and the loss of our export markets. Postwar transitions have come upon us rather suddenly. Until very recently our agriculture had the good fortune to be spared many of the postwar adjustments that all of us knew sooner or later would have to come. At the moment these adjustments confront us squarely, and we have to face up to them. If wheat prices continue to sag below our domestic support price level, we may expect increased requests from our producers for action to prevent foreign products from competing too severely with our domestic support program, and undoubtedly it will entail continuation of subsidies, particularly on wheat that is sold under IWA. While some people are urging bans on normal importations, this is not easy because of the fact that Canada, from whom many of these products come, such as oats and rye, are in turn our good customers for other agricultural surpluses which we raise in this country in abundance.

Before our market opened this morning we were told that clearing conditions were being reported in the Southwest, but the recent rains have been very helpful. There was some moisture over the Central States, although it was not particularly heavy except up the Ohio River Valley where precipitation had been quite substantial. In any case, temperatures are still moderate, and this moisture coming before the winter months should certainly put the winter wheat in much better shape.

According to the Department of Agriculture, the U. S. quota in the International Wheat Agreement for the 1953-54 season will be approximately 209 1/2 million bu, which is a decrease of approximately 44 million from last year. The entire quota for all exporting countries will be about 421 million bu, or 160 million bu under last year's arrangements. Of course, the quota eliminated the U. K. who have withdrawn from the Agreement; last year their allotment was 177 million bu.

Primary receipts of wheat today totaled 1,606,000 bu vs 1,548,000 bu last week, and 1,207,000 bu on comparable day of last year. Stocks at Kansas City and Minneapolis so far this week show a total increase of 21,000 bu.

There was not a great deal of news in the market today. We did not hear of any new export sales of wheat, and understand that flour business has slackened, with overnight sales extremely small. According to The Southwestern Miller, a great majority of bakers and jobbers are at or near the end of contracts, and it is expected that soon more business will be done on a PDS basis. Premiums in the Southwest have eased slightly, but of no particular significance.

Corn showed independent strength, although the Port of New Orleans has become embargoed. According to John H. Davis, the new Assistant Secretary of Agriculture, the FAS contemplates that our exports of fats and oils should hold up to the high level of recent years, and may be slightly higher than during the past year. The open interest of soybean futures as at the close yesterday was slightly over 81 million bu, which surpasses the previous high total made in November of 1949.

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CHICAGO, 4

October 28, 1953

The economy of a great nation such as ours is very complex and composed of many interlocking elements. No one segment can be singled out. We notice that one of the complaints of the cattlemen is the high cost of feed, government support of corn, etc., which demonstrates the widespread effect of any artificial situation. Formerly adjustments were more rapid and equitable through the instrumentality of a free and open market. As Assistant Secretary of Agriculture, John H. Davis, for FAS, points out the American agriculture met a challenge of world conditions caused by war, and now finds itself with a production plant considerably larger than it probably would have had without a war. Our production was increased 40% over 1939. The increase was not due to our own living standards but rather to meet the needs of war and to do a humanitarian job of feeding hungry people in areas where war had dislocated production. In the year 1951-52, our agricultural exports hit an all-time high of over $4 billion, which declined to $2,800 million in the 1952-53 marketing year, or a drop-off of 30%. Many of our present problems are the direct result of the reduction in foreign markets and the high support levels in this country, still encouraging the farmer to raise supplies that are not needed.

Looking over statistics in 1949, the world wheat production was 6,185 million bu, the carryover was 662 million, giving total supplies of 6,847 million bu, while in 1953, total world production is estimated at 7,025 million bu, the carryover on July 1st, 1,236 million bu, or a total of 8,261 million bu. With the reduced wheat acreage in the U.S. for the 1953-54 crop, and with the possibility that Canada may not have another bumper yield, some corrections may be in the making. The long-time outlool is that surpluses may not be as cumbersome through the growth of population, improvement of diet, and possible expansion of foreign markets.

However, the situation that faces us will be our farm programs for the next few years. There is a demand from certain quarters for a continuation beyond 1954 of wheat and corn supports at 90% of parity, and also, the addition of higher supports to crops now less generously treated. Many people, including farmers, are often misled by short-run advantages without giving full weight to the penalty that will final ly have to be paid for protection: namely, the loss of markets, curtailment of acreage of crops for which land is best adopted, and virtual ceilings on prices. As Professor Norton of the University of Illinois recently expressed himself: "The piling up of vast stocks and the size of federal investment in them may also shake the naive faith which many members of Congress and some members of the administration have in our present system of price level supports."

The Illinois weekly crop bulletin points out that more than four-fifths of the Illinois corn crop has been picked; the same is true in the Iowa report, which is the greatest progress in that state since records were started in 1946. The Kansas weekl report points out that general rains over the western part of the state the first of wee and in the southeastern areas on Sunday and Monday have relieved the gradual drough situation. Rains where received were generally sufficient to germinate newly-seeded wheat and seed dusted in earlier. They also report an improvement in the root system and stooling of wheat already up. The soil moisture during mid-October over the western two-thirds of that state showed a small improved condition over a year earli and with recent rains wheat prospects are considerably better than a year ago.

Primary receipts of wheat today totaled 1,084,000 bu compared with 1,095,000 bu last week, and 478,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 30,000 bu.

Rainfall the past 24 hours had been pretty well confined to east of the Mississip River, while generally fair weather prevails in other parts of the grain areas, with some warming in temperatures.

Trade was rather dull early today, with very little news of market interest. The only export business we heard of was about 26,000 tons of #1 northern Manitoba although it is reported that Spain may be in the market for 100,000 tons of wheat on November 4th, presumably red wheat, although this part is not definitely known. Flour sales are at a slow rate. We understand from the Northwest that some wheat receipts yesterday running 15 and 16% protein, sold as high as 51¢ and 61¢ over Minneapolis December respectively. Even 13% protein commanded 27¢ premium, or approximately $2.54, which compares with the loan price of $2.53. Corn is not offered very freely from the country but receipts are well taken by industry despite the embargo at New Orleans.

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CHICAGO, 4 Oct. 29, 1953.

Everyone is sympathetic to the problems that have confronted cattleraisers in this country, but in trying to understand the part of the picture that was accentuated by the drought, the numbers of cattle and calves on farms jumped from 77 million head in 1949 to 93.7 million at the beginning of 1953. The high price of cattle was not only an incentive to the regular raisers but induced many new-comers into the field. It is estimated that this year's slaughter will exceed 36 million head, and that the outturn for this year is estimated at 12.3 billion lbs against 8.5 billion in 1951. However, beef consumption per capita is expected to reach an all-time high this year of 75 lbs, which will surpass the peak of 73 lbs in 1909, and will compare with a consumption in 1951 of 61 lbs. There apparently has always been a traditional cattle cycle which essentially arises because of the life span of the cattle species, and the decline in price for cattle this year is directly traceable to the increased supply.

Added to the problems which have confronted farmers of this country is the inflexibility that exists in many cost factors, including wage rates,, transportation, utility rates, and taxes. Once increased these costs come down very slowly and only under the strongest pressure. According to the USDA the trends in farm prices and marketing margins after the outbreak of the war in Korea followed the other periods of general price inflation. Farm prices of food products rose quite rapidly; marketing costs, being less flexible, rose more slowly. The farmer's share of the consumer food-dollar rose from 46¢ in the second quarter of 1950 to a peak of 49¢ in the first quarter of 1951. However, after this period farm prices began to decline substantially but marketing margins continued to increase, with the consequenc that the farmer's share of the consumer's food dollar declined steadily to this year's low of 45¢. During the past several years, almost all costs of performing market services have increased. This, plus higher local, state, and federal taxes, had tended to widen the dollar margin between the farm and retail price. Another factor that has increased marketing charges in relation to farm values is the larger proportion of women working outside the home. This has increased the demand for buying more processed and ready-to-eat foods in stores, as well as eating more meals in restaurants. According to statistics the proportion of employed married women is now larger than ever before.

According to Broomhall, exports of wheat and flour from the United States for last week amounted to approximately 2 million bu, and since July 1st, total 74 million compared with 95 million bu a year ago. Shipments from the five principal exporters since August 1st were 168 million bu vs 184 million last year. Canada shipped 73 million bu as compared to 84 million the previous year. Australia 16 million against 20 million, while Argentina shipped 27 million against none during the same period of last year.

Primary receipts of wheat today totaled 1,588,000 bu vs 1,264,000 bu a wee ago, and 799,000 bu on comparable day of last year. So far this week wheat stocks a Kansas City and Minneapolis showed a net decrease of 257,000 bu.

According to a statement by Secretary Benson, there will be no marketing quotas on the 1954 corn crop. The Department places the total supply of corn as of October 1st at 3.9 billion bu, which is below the level at which it is necessary to proclaim quotas under the controlling legislation. However, it is anticipated that acreage allotments may be enforced, which might mean a cut-back of about 20% in the commercial area. A study is now being made of the situation, and it is contemplated that action will be taken before January 1, 1954. Cheap offerings of Argentine corn for shipment from November through February are dampening the outlook for corn exports from the U.S., and no doubt the competition from our southern neighborn will be keenly felt. Offerings of corn from the country are extremely light.

We heard of no export business in wheat overnight, but it is still contemplated that Spain will be in the market next Wednesday for 100,000 tons of wheat, an possibly most of it might be of the soft varieties. Milling business remains quiet, an generally speaking there is no follow-up on market advances. There seemed to be evidence today of quite a little buying of December wheat versus selling of May, whic may have been hedges against out-of-position grain.

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CHICAGO, 4

October 30, 1953

In trying to appraise markets, it is always well to keep reviewing statistics, although at times it may seem like repetition. Recent rains in the Southwest have given a more optimistic feeling among producers, although higher protein wheats are selling equal to or better than the loan price in the Southwest and in the Northwest it has not yet led to any extensive selling on part of the country. Some of this may be due to the fact that we are approaching the end of the year, and many farmers may prefer to wait until after the turn of the new tax year. However, the market is at or near a point at which easing of free wheat supplies may develop, and this undoubtedly has been a deterrent to more active investment buying.

Since 1942, we have increased our wheat acreage from 53 million acres to around 78 million acres in 1953, and during the past ten years have been producing over a billion bushels, with the exception of 1951. Total supplies are now estimated for the 1953-54 year at 1,730 million bu, which includes a carryover of 562 million bu on July 1, 1953. Figuring domestic consumption at 700 million bu and 250 million for export, it would leave over 775 million for carryover on July 1, 1954, or more than enough to take care of our domestic requirements for a year. Should the proposed acreage allotment for 1954 of 62 million acres be planted, and if we should obtain average yields of the period 1943-52, 950 million bu could be produced. Of course it is too early to assume what yields will be, and also, if farmers will comply with acreage allotments. Should the crop turn out as indicated above, we then would be able to meet domestic and export needs for the year 1954-55 and have a carryover July 1, 1955 about the same as expected on July 1, 1954.

As far as Canada is concerned, the 1954 crop is estimated at 594 million bu, with quality well maintained, giving our neighbors to the North an average of 600 million bu the past three years as compared with the preceding ten-year average of 387 million bu. With a carryover on August 1st of 363 million bu, Canada will have total supplies of 950 million bu, a peacetime record, and as only 160 million bu is used domestically, it would leave nearly 800 million bu available for export and carry over. This presents quite a gigantic problem, particularly in view of the fact that wheat production has increased in other countries, and importing nations are becoming more self-sufficient, thus presenting Canada with the prospect of selling wheat for the time being in a somewhat smaller market in competition with other exporters similarly burdened with heavy inventories. As one source points out, the problems of the present are predominantly problems of plenty, and it should not be forgotten that, historically, the farming community has suffered more from scarcity than it ever has from abundance.

According to Broomhall, the wheat acreage of Argentina is believed to be the same as a year ago, but production will be substantially smaller. The 1953 crop was 286 million bu, and there was no carryover. However, he estimates there will be 140 million bu available for export. While large quantities apparently have been contracted for, exports for the first ten months amount to 68,800,000 bu.

Primary receipts of wheat today totaled 1,290,000 bu vs 1,390,000 bu a week ago, and 1,040,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 339,000 bu. When the visible supply figures are posted on Monday they will compare with a decrease a year ago of 4,732,000 bu.

Japan purchased some wheat from the Pacific Coast, but otherwise we have heard of no export business from this country. It is still contemplated that offers will be made to Spain next Wednesday, although the recent sharp decline in the lower grades of Canadian wheat leaves some doubt as to whether the soft winter wheat from this country will be competitive.

We heard of some talk of red wheat stored in the country becoming weevilly, but do not believe today this has become a major factor, although difficulties may be intensified as the season progresses.

The government estimates the carryover of old crop soybeans at approximately 11 million bu, which would make it appear as though the total disappearance of beans has been 284 million bu, of which unofficially 32 million bu went into export channels. With a crop of 259 1/2 million bu, and 11 million bu carryover, we start the season with 270 1/2 million bu, or about 24 1/2 less than a year ago. Up to the time of this letter 765,000 bu beans had been tendered against November contracts. The open interest in beans increased over 3/4 million bu yesterday and now stands at approximately 84 1/2 million - - an all-time high.

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CHICAGO, 4 November 2, 1953

The story of postwar trade in wheat has been told so often that it hardly bears repetition here. In our own letters we have stressed the fact that during the peak period of exports, we shipped 450 to 500 million bu on several occasions, which was as much as is used domestically by every man, woman, and child in the U.S. for bread, cereals, food, etc. By end of June 1952, our total exports for the seven years beginning 1945 had reached 2.9 billion bu, which was an annual average of 415 million bu, or 46% of the total world trade in wheat and flour during that period. What is happening now, of course, is well known to everyone: namely, that other exporting countries are taking over, and the result is that we may be fortunate if we ship as much as 200 to 250 million bu during the current season, which, of course, would leave us with a record carryover on July 1, 1954. The all-time peak was reached in 1948-49 when we shipped 503 million bu wheat abroad, and it was the largest total ever moved in a single year by an individual exporting country. Our wheat and flour exports during that year exceeded domestic consumption of wheat for food in the U.S. by more than 20 million bu and was actually a great accomplishment. When we consider that during the average period, 1930-47, our wheat exports averaged only 100 million bu, that banner year will stand out the more because of its record. Such a quantity is more than is produced normally in Argentina and Australia together, two of our great competitors in the field.

What will happen to the winter wheat crop next summer is still a matter of conjecture. Because of marketing quotas we know that acreages will be smaller. As stated by the Santa Fe Railroad, many farmers planted wheat in August, some of which had come up with sufficient moisture to maintain growth, but other plants merely came up and apparently died. In other parts of the country there were fields where seed had not sprouted due to dryness of the soil until after moisture was received during the week of October 18th to 25th. There has been some additional acreage planted in the last few days, but unfortunately very little wheat pasture is being afforded animals. There is still hope that the combined winter and spring whea crop will give us a yield of 950 million bu, but it is far too early to come to any definite conclusions yet. Moisture in eastern New Mexico is still below normal, but elsewhere there has been relief, and a good deal of the wheat acreage is coming up to a good stand, although favorable growing conditions will be required to insure the best results.

We had a report that the Tariff Commission had recommended a quota on the imports of oats, limiting the figure to 23 1/2 million bu. As far as we can learn there is nothing final yet. It takes Presidential action and many other factors are involved

There was only a small amount of rain over the week-end. It was confined mainl to Texas; it was light there, while other parts of the country received no further relief. The outlook is not particularly good at this time. As for the thirty-day period, precipitation is expected to exceed the normal over most of the country east of the Continental Divide except for the South Atlantic states where near normal amounts are indicated. West of the Continental Divide about normal precipitation is predicted although there will be subnormal moisture in the Pacific Northwest.

The visible supply of wheat decreased 2 1/4 million bu, leaving total stocks in all positions of 310.8 million bu, compared with nearly 257 million last year. The corn visible increased 5.8 million bu, to a total of 19 3/4 million bu compared with nearly 28 million bu last year. The oat visible increased 452,000 bu to a total of 20 3/4 million bu against 27 1/2 million a year ago. Beans increased over 2 million bu, the 15 million bu stock being slightly larger than last season. Chicago wheat stocks decreased 286,000 bu, leaving just less than 18 1/2 million bu in this market. The local corn stocks increased 1 1/2 million bu to 5.3 million bu. There was hardly any change in oats, while there was a small decrease in rye. Chicago bean stocks increased 318,000 bu, with nearly 4 million bu now in Chicago.

Beans were very strong, but other cereals did not do well. At one time wheat was a little higher, but weakness in corn had some influence. Furthermore, milling demand is very poor. While there was no export business, Spain is apt to come into the market Wednesday. Whether they take soft wheat again or other varieties is still a question. We have not heard of any shipping instructions for beans tendered on November contracts. Nevertheless, a good deal of attention is paid to the fact that total supplies are considerably smaller than a year ago. Cottonseed oil was strong.

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CHICAGO, 4 November 3, 1953

Rye has come into the foreground again for the reason that the Tariff Commission is giving some consideration to the possibility of restricting imports from Canada. As a matter of fact, we have never been much of a factor in the rye market. First of all, the American people do not eat much rye, and even if it appears in bread, . there is probably four times as much white flour as there is rye. Secondly, we hardly produce any rye in comparison with the balance of the world. Before the war world production of rye was 1,732 million bu; the bulk of it was raised in Russia and in Europe. In the five years preceding the war, the Russian rye crop amounted to 885 million bu, and the European crop 766 million bu, while the U.S. raised less than 45 million bu. Since the war we have become even less important and last summer there was only about 17 1/2 million bu rye produced, clearly indicating that even with some amounts needed for breads and for spirits, we could get along with just slight augmentation from Canada. We recall one or two periods before the war when we imported some rye from Poland; so even at that time there was a little import demand, despite small usage at home. Ordinarily there is not much rye produced in South America; the prewar average was less than 10 million bu, although Argentina last season raised more than five times that quantity and is pressing some of its surplus upon European markets. Turkey this year raised 29 million bu rye, or considerably more than we did. There have been no recent figures on Russian production. Therefore, current comparisons are somewhat vague, but it is generally assumed that there had been a decline in world production due largely to the fact that European countries are raising smaller quantities than during prewar periods.

When our market opened this morning prices were lower in all pits. There may have been a little discouragement in wheat for the reason that the Spanish business is not sure of being placed on schedule, and there may have been a little disappointment over Secretary Benson's remarks before the Southern Governors' Conference at Hot Springs, when he stated: ''Next year, farm prices may decline slightly, but farm costs are also expected to dip downward. To sum it up, the supply and demand situations, and also the price and income situations, offer encouragement''. He did emphasize, however, that the retreat of farm prices and farm incomes has, in his opinion, been stopped, and that the goal of the administration is a farm program that will enable farmers to obtain their rightful share of the national income. Probably of greater importance was the lack of short interest in the market, as many traders had been predominantly long, and when selling occurred in corn and in beans support was light and prices eased rather quickly. We were also told that there was December liquidation in Minneapolis wheat futures by holders who had earlier anticipated that they might remain long without getting early tenders. At the moment there has been an easing of the car situation in the Northwest and owners of high protein wheat are taking advantage of the high premiums, which makes it attractive as compared to the loan level. After all recent upturns have made for a more two-sided market.

There was 300,000 bu rye that cleared Canadian ports for South Chicago, and 510,000 bu oats are destined to Buffalo, but not much attention was paid to these advices.

Overnight weather was mostly fair and while a few scattered showers are indicated for the Southwest, there is not much promise for heavy rains; yet we are told that the moisture situation in many parts of the winter wheat belt is better than it was at this time a year ago, and most people seem to think that one more good rain will carry wheat through the winter months.

Primary receipts of wheat were 1,700,000 bu compared with almost the same quantity last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 136,000 bu.

Markets were not particularly active, but there was liquidation. Beans which have been so strong now for some time, showed a weaker undertone, but selling was not heavy, nor, in fact, was there any drastic liquidation in any of the other pits. Flour business was still slack, and there was no export business reported in wheat. The country is not selling much corn at the moment, but on the other hand a large part of the receipts here in Chicago comprise CCC holdings, and this has been a little discouraging to the trade. Oats were slightly weaker. There is still nothing definite on restrictions of imports but a good deal of conversation. One Senator from Indiana intimated that he would introduce a bill when Congress reconvenes that would prohibit delivery of foreign grain on U.S. futures contract markets.

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CHICAGO MERCANTILE EX.

November 4, 1953

There was no particular grain news overnight. There had been a few light showers in the Southwest. They were confined mostly to Kansas, Oklahoma and Texas, but inasmuch as the moisture is no longer an immediate factor, it is doubtful whether this had much influence on the market.

Those who are trading are guided on the one side by the heavy quantities which are probably being impounded, although there have been no recent figures. As against this there is the weak statistical position and the large quantities of grain in other parts of the world, as well as the heavy reserves from this country. The fact that we have lost part of our export markets has also not been a help, and there are some people very close to the export picture who doubt whether we shall ship as much as 250 million bu during the current season. There was a time in the postwar period when many foreign countries looked to the U.S. as the chief source of supply for wheat and flour. There were, for example, France, India, and Brazil who came in from time to time with fairly heavy purchases, but almost continually we found that Western Germany provided by far the largest market, with an average annual import of 87 million bu. Japan came next, taking on an average 41 million bu; then there was Italy, which during that period took 35 million bu, and the Low Countries about the same amounts. Approximately 55% of the total U.S. exports of wheat and flour during the seven-year period were financed by aid programs of one kind or another.

There is some doubt whether world shipments of 900 million bu or more can be maintained, and certainly the distribution is apt to be different with Canada, Argentina, and Australia probably shipping heavier amounts than they did in the past. Actually supplies of wheat available for export or carryover in the principal exporting countries at the beginning of the 1953-54 marketing season totaled 1.2 billion bu, which was about double the level of July 1, 1952. When we add to this new-crop supplies in North America, one can readily understand why there has been a rather indifferent attitude abroad, particularly by Britain, which failed to renegotiate the International Wheat Agreement, and apparently she feels comfortable in trying to buy her supplies outside of the Pact. Turkey and France were favored with near-record crops last summer, while French North Africa, the Middle East and Sweden will probably export small quantities of wheat, and Russia together with the Danubian Basin, which is somewhat of an uncertainty, may contribute anywhere from 35 to 50 million bu to the annual total world shipments, as has been the case now for several seasons. In the last crop-year, we shipped about 317 million bu wheat and flour but the Agricultural Department feels that the total for the current crop-year will be 250 million bu or lower. As they point out, the overseas demand for our wheat will have to pick up considerably during the second half of the year if we reach the higher goal In the first quarter we shipped 66 million bu, but this included about one-half the present program with Pakistan.

Primary receipts of wheat were 946,000 bu, which wasslightly smaller than last week and compared with 1,615,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 97,000 bu.

The wheat market was rather weak for the first half of the session. When corn became strong it naturally had a firming influence on the balance of the market, and the close was 2¢ higher. We understand that some offers were made to Spain, but there was a 48-hour refusal, and up to the present time we have not heard of any business. Some may be put through in the morning. Germany was also inquiring. There was a better milling demand, and Minneapolis wheat futures were very strong. That attracted some local buying in our market, although we went up less than the Northwest market which was considerably higher. More flour business is expected.

Corn firmed up, despite fairly large receipts for account of Commodity here in Chicago. The country is not offering on a heavy scale, and one of the commercial interests is still a good buyer. It is generally felt that a little later in the season there will be very little pressure from first hands, and there seems to be accumulation by speculative holders, probably for that reason.

Beans were quite strong, and oil prices were firm. Rye which had been weak early in the day also was influenced by the advances in other cereals.

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CHICAGO, 4

November 5, 1953

While statistics are having less than the usual influence on markets and on prices, we find that, nevertheless, the large supplies combined with small export demand have driven wheat prices to the lowest level since 1949. During August farm prices for wheat averaged only $1.86 a bu compared with $2.04 a year earlier. Since that time, however, there has been a substantial recovery, but still prices are lower than they were at this time last season. Supplies of wheat on October 1st for export and carryover in the four principal exporting countries: namely, the United States, Canada, Argentina, and Australia, were the largest on record and totaled 1,875 million bu vs 1,535 million bu a year ago and 1,075 million bu, the five-year average (1947-51). These figures just given compare with 1,720 million bu, which was the previous record high on October 1, 1942. U.S. stocks of wheat in all positions on October 1st were the largest on record, and supplies in every position except merchant mill holdings were well above last year. Merchant mill stocks were about 16 million bu lower than they were in 1952.

As we pointed out yesterday, our exports of wheat and flour for the first quarter of the season were a little less than 66 million bu, but this included about 10 million bu that had been shipped to Pakistan under a special government relief program. Milling of wheat flour during the first quarter was 3 million bu less than last year and totaled 133 million bu.

Before our market opened this morning we heard reports of further large business in flour, and it was almost a foregone conclusion that more hedges would be taken out of the pit. It was also reported from New York that business with Spain had been concluded and that 100,000 bu No. 2 red wheat had been sold. However, there was little evidence in the pit early of many hedges being lifted, and thus it was rather difficult to reconcile how exporters were handling themselves. During the week our shipments of wheat and flour were about 1 1/2 million bu, according to Broomhall's estimate, and since July 1st, there has been a total of 75 1/2 million bu wheat cleared against 99 1/2 million last season. Corn exports last week were 2 million bu, and since the 1st of October there has been 7 million bu exported vs 5 million bu a year ago. A fairly large quantity of beans was cleared last week, the figure amounting to 1.3 million bu, and since the 1st of October there was 3 million bu shipped compared with 1 1/4 million bu a year ago.

The Chicago corn-hog ratio for the past week was 14.2 compared with 14.9 last week and 11.3 last year.

Primary receipts of wheat today were 1,214,000 bu compared with 1,588,000 bu last week, and 915,000 bu last year. Kansas City and Minneapolis stocks so far this week show no change in the net position.

There was firmness to our markets early, although in the final analysis wheat was about the only commodity that showed much strength. There had been profit-taking in beans, probably for the reason that the market lately has advanced sharply. It was reported that Formosa had bought half a cargo of soybeans, and was inquiring for two more cargoes, but even this failed to enlist much enthusiasm.

There were some nice rains in parts of Kansas, parts of Oklahoma, and in the Texas Panhandle, and chances are that this moisture will continue for another day. From all we hear the winter wheat crop is getting off to a fairly good start, and conditions undoubtedly are better than they were a year ago.

The Flour business which had been put through may put bakers more at their ease, and very often after a large volume has been handled there is a period of quiet for a time. If this is the case, we would suggest that anyone who is friendly to the wheat market should at least wait for a setback before making purchases.

Rye was weaker, and there was no special news, but there seemed to be moderate selling orders in the pit.

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CHICAGO, 4 Nov. 6, 1953.

Exports of corn last season were the second largest of record, and totaled 137 million bu. This compared with only 75 million bu the previous season, and a recent record high of 139 million bu during the 1937-38 crop year. Despite a good deal of talk that Argentina is offering competition, we are still doing a fairlygood business, and there is every reason to expect that we shall have another big year in the export field. Domestically, of course, with a population of 160 million or more persons our home usage should be large, and we figure it takes about 22 bu per person to provide all the meat, milk, ice cream, and various products that are wanted for the normal diet. The quality of the 1953 crop is very good, and the moisture content is low. Disappearance of corn (grain only) last season was given at 2,726 million bu, and was the smallest since 1948. This was due principally to the decreased quantity fed to livestock. The carryover reserve on October 1st is now given at 764 million bu, so that the total amount on hand at the beginning of the crop year was near the largest of record, as it was only in 1949 and again in 1950 that the carryover stocks were larger. Nevertheless, we must produce about 3 billion bu of corn now in order to take care of the American people, whereas before the war a crop of 2,400 million bu generally sufficed --in fact, that was the average crop prior to 1941. Thus it can be seen that with the population growing by leaps and bounds, and with people well employed, we can no longer measure anything on basis of old standards.

For the moment there is a fair movement from the country, and some selling of government-held stocks, but we feel that as time goes on the pressure should diminish, and for that reason we are friendly to this market, particularly as we are convinced that there will again be large quantities impounded under the loan, or at least held from commercial channels. Even with the large reserve stock which we had on October 1st there was so much under government domination that pressure on the market had been minimized to a point where premiums of the old crop last August were well maintained, and even the futures market held up very well. Thus, there is a different situation in corn than in wheat, and we are less dependent upon the export market, although the amount shipped abroad is generally taken out of commercial channels. Since 85% of the corn seldom leaves the country in which it is grown, foreign shipments have a greater influence than is generally imagined.

Before our market opened this morning there had been reports of moisture in the Texas Panhandle, both the north and south plains were favored with about 1/2 inch of rain. There were also reports of intermittent sleet in parts of Oklahoma, and the five-day forecast indicates a rather wet map, although smaller amounts of precipitation are expected in the southwestern states than in the central areas, where we may have up to one inch of moisture. There were four inches of snow reported at Norton, Kansas, and Nebraska also was favored, so that the winter wheat outlook is considerably better than it had been three weeks ago.

Primary receipts of wheat today totaled 1,086,000 bu vs 1,290,000 bu last week, and 1,198,000 bu comparable day last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 130,000 bu. When the visible supply is posted on Monday it will compare to a decrease last year of 3,189,000 bu.

Somewhat lower markets were registered in the early part of the session, but on the break there seemed to be some evidence of mill buying, left over from yesterday's business, and it also appeared that an export house absorbed some wheat offerings, probably hedges remaining over from the Spanish business. Locals also took hold of the market. There was further liquidation in beans at the opening, but that market had a good recovery, and it looks as though traders were willing to buy on breaks owing to the fact that this year's crop is much smaller than the previous one.

We heard of no new export business in wheat or flour, although 4,000 tons of corn were reported purchased by the U.K. According to The Southwestern Miller, Egypt announced another postponement in the purchase of 20,000 tons soft wheat flour with the date now set for Nov. 17th. They also mention that overseas wheat inquiry was inactive, cables stressing the keen competition and cheap offers from France. The same source reports that flour business slowed to a trickle, there was no further buying of consequence in spring flour, and business in both hard and soft winters are at a standstill. The trade is now quite well covered on spring wheat to the end of the year, which means that the market will miss constant buying that previously was a source of support. The backlog of hard winters continue to shrink.

Nearby wheat futures had a good recovery after some hesitancy and closed strong. There was likewise firmness in other pits.

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CHICAGO, 4 November 9, 1953

The question of importing oats, rye, and barley from Canada is much deeper than appears on the surface. The Winnipeg Grain Exchange has just issued a treatise covering more than thirty pages of printed material detailing the complementary fashion that Canada and the U. S. A. have created the largest and perhaps the most significant bilateral international exchange of many commodities in the history of the world. This has been accomplished despite conflicting interests which have compelled a mutually sympathetic and cooperative approach in order to arrive at solutions to economic problems which almost continuously beset the two nations. Restrictive action by us against imports from the North would be a harsh blow toward the best customer we have for much of our goods. Since the end of the war Canada has purchased about $3 1/2 billion more from the U.S. than it has earned in sales of the products sent here. Therefore, it is obvious that retaliatory measures could only result and would mean a declining export market for the wide range of products which we can produce cheaply and economically, and which Canada is taking at the present time, but might not continue to buy from us if we set up trade barriers against them. Furthermore, we would have to show factual indications that Canadian grains are harmful to the U.S. interests and certainly in many cases feeders in New England and throughout that area are eager for the feed grains which Canada can furnish on a competitive basis. As the Canadians point out, for us to take such a stand would be tacit admission that the entire concept of the desirability for international multi-lateral trading is wrong, and that the narrow restrictive concept of national self-sufficiency should become the only alternative.

Wonderful moisture was reported again over the Southwest, largely in the form of wet snow Friday night and Saturday. Surely the outlook for winter wheat has been greatly enhanced, but the market paid more attention to government figures showing that 350 million bu wheat had been impounded by October 15th,and thus a final goal of 500 million bu is in sight. Larger quantities are now impounded than a year ago, with 111 million bu having been placed under the loan during the past thirty-day computation, whereas last season for the same period only about 50 million bu was impounded. There are no figures yet showing whether any quantities have been redeemed, and thus it is not too easy to come to definite conclusions this early. The amount placed under loans and purchase agreements east of the Mississippi was nearly 62 million bu compared with 42.4 million up to September 15th. We are more particularly interested in the amount of wheat in loans for the soft winter wheat belt, and through a long series of calculations, we conclude that with the larger amount of red wheat raised even with more impounded and possibly more exported, there is about 26 million more free wheat in the soft wheat areas at the present time than there was last year.

The business with Germany has been postponed and that country will probably not buy until later in the month, and possibly not until December, with shipment to take place after the turn of the year.

When the visible supply of wheat was posted there was a decrease of 1,828,000 bu, the total in all positions is 309 million bu, and still 55 1/4 million bu larger than last year. The corn visible increased 7.1 million bu, so that with a total stock of 269 million bu we have only 9.6 million bu less on hand than a year ago. Oats decreased 3 1/4 million bu, leaving 17 1/2 million bu in various markets compared to 26 million bu the previous season. There was no change of consequence in beans, and the stock is about the same as it was last year. Here in Chicago we had a small decrease in wheat, still leaving 18 1/4 million bu of wheat in this market. Corn increased locally to 6.1 million bu. The oat stock is 4.1 million bu, about the same as rye, and there are likewise 4 million bu of beans in this city.

Despite the fact that the export business to Germany was delayed until the end of the month, nearby futures were strong, but July wheat was quite indifferent, influenced by the fine moisture Southwest. Beans received more attention, and there is 5.6 million bu impounded compared to only 724,000 bu last season. There is likewise much more oats under the loan than a year ago, with 30 1/4 million bu sealed compared with 12 1/2 million bu in 1952. Rye was strong, possibly influenced also by the loan figure of 2.3 million bu against a very small and only nominal figure last season.

The country was not a large seller of corn, and the December future gained on other months. Some in the trade hope that CCC offerings will decrease, although today again they comprised nearly one-half the total cars in Chicago.

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CHICAGO, 4 November 10, 1953.

Economists are busy trying to appraise present business conditions, and many articles are being written "pro and con" as to the immediate trend of our economy. There can be no question that the boom has lost some of its buoyancy and that the country has caught up on peacetime civilian shortages and has provided for a large part of the defense program. According to the New England Letter, the fundamental requirement now is that our economy must be kept flexible and not allowed to become set in a rigid pattern that leads to stagnation. The rigidity is caused by excessive government interference, red tape, and regulations, exorbitant and discriminatory taxes, rises in wage rates beyond productivity and the stifling of new ideas, inventions, and facilities. It is understandable that various groups, such as farmers, labor unions, and businessmen resist adjustments that might adversely affect their immediate interests. Nevertheless, it is essential for the good of the economy that they be made. To defer action and allow maladjustments to accumulate would only make the economy more rigid and the entire process all the more painful when the day of reckoning comes.

It was reported today that Canada cleared 300,000 bu oats for South Chicago; 525,000 bu oats for Buffalo, and 620,000 bu oats for Huron. This might lead to another blast in certain quarters against importations from our neighbors to the North. We pointed out in our letter yesterday that the question of importing oats, rye, and barley from Canada is much deeper than appears on the surface. In looking over some of the statistics, it is important to realize that the greatest portion of oats production in the USA is consumed on farms where produced, while nominal quantities are sold to local feed merchants and from farm to farm. Only about 10% of our total oat production ever finds its way to primary markets. Taking the average of the last five years, primary receipts of oats have amounted to 127 1/2 million bu annually, while the total commercial disappearance, comprising that used by the feed industry, provision for human food, and for export, has averaged annually approximately 166 million bu during the same period. It becomes evident that producers' deliveries to market have been consistently and substantially short of commercial requirements during this period in the U. S. Imports of Canadian oats during the last six crop-years have averaged only about 2% of the USA production, which surely does not appear to be a quantity that would seriously jeopardize the position of our farmers, nor a quantity which would justify restrictive action against the trade of a major export customer of the USA. It should be remembered that the majority of Canadian oats imported into this country are utilized in the deficit feed areas of the eastern and southern states. The normally high test weight of Canadian oats makes them particularly attractive to livestock and poultry feeders in those areas, which traditionally have augmented domestic supplies by imports from Canada. The vast majority of oats are unloaded at ports which are out-of-position, as far as Chicago deliveries are concerned.

Primary receipts of wheat today totaled 1,568,000 bu, which compares with 1,700,000 bu last week, and last year was a holiday. So far this week Kansas City and Minneapolis stocks of wheat show a total increase of 112,000 bu.

There was no particular grain news overnight. The weather is mostly clear with normal temperatures, and a continuation of same is suggested in the five-day forecast. We heard of no export business in wheat, and flour business overnight was exceedingly small. The main feature today in the wheat market was the widening of the carrying-charge spread between December and May.

The government report is due after the close of the market today, and undoubtedly there was some evening up in anticipation of same, particularly as tomorrow is a holiday. The report this afternoon will mainly concern corn and soybeans, and no particular surprises are expected. At one time it was felt that yields of beans and corn might be reduced from the last government estimate, but on the other hand weather has been particularly favorable for the harvesting of the last bushel of these grains. Country offerings of corn today were extremely limited, and a holding tendency is in evidence. In fact, one report we had yesterday afternoon from McLean County stated that farmers were lined up for 1 1/2 blocks from the door of the PMA in Bloomington waiting to make application for corn loans. The Agriculture Department until further notice offered to buy the 1953 crop of cottonseed meal under a special support program; formerly it was done as a package deal, which at that time included the oil and the linters.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 12, 1953

The farm problem has come into national focus again, despite the fact that income this year even with some price reductions will amount to over $31 billion compared to a meager $4 billion in 1932 and 1933, when there was real distress and when prices for virtually all farm products had been so gravely depressed. We have seen that President Eisenhower has stepped into the picture, and with a good many Republican members of Congress worried, some are now predicting that rigid supports will probably be continued, and very likely 90% parity loans will be granted farmers for basic commodities. At the recent hearings of the House Committee on agriculture not even the farm organizations were agreed on policies for the future. The majority of witnesses favored the program now in operation for basic commodities: namely, the 90% of parity price support. The largest farm group in the Northwest wanted full parity, while the Grange advocated a two-price system, with full parity for products sold in this country. The Minnesota Farm Bureau leaders went along with the national leadership in supporting flexible supports, but there was a divided opposition by those who wanted rigid supports continued. Organized stock-growers spoke against price control but this was challenged by some who felt that the organized growers did not include the small livestock growers who needed at least 90% support for beef cattle. Instead of price guarantees, the stock-growers recommended that the government buy cows and heffers and then can the meat for distribution abroad in order to cut down beef cattle numbers. Thus it can be seen that almost everyone has a program of some kind, but surprisingly enough, in all these meetings only a few persons talked about farm income; the consideration resolved mostly around price. All of this shows what the inflation cycle has done to thinking.

When our market opened this morning, beans were very strong and were influenced by a cut of 3 1/2% in the production figure from last month and a reduction of 13 1/2% from last year's figure. Consequently total supplies will be considerably less, and the report of 252.2 million bu as the latest estimate for the bean crop is quite bullish. A cut of 16 million bu in the prospective corn yield does not amount to much, although opening prices for corn were higher on moderate commission house and local buying. The Chicago corn-hog ratio for the week was 14.6, an improvement over last week's figure of 14.2; a year ago it was only 11.3.

The CEA announced that daily speculative trading limits on soybean futures would be increased from 1 million to 2 million bu, effective November 16th.

There was not much in the weather over the holiday, but clear and warmer is in prospect. Outside of the corn belt, which is extremely dry, the country has had pretty fair relief. Moisture during the week in the form of snow and rain further replenished soil moisture supplies in Kansas. Wheat and other small grains are generally up to good stands, although there are still some spotty conditions in eastern Kansas and in local areas over the balance of the State. Wheat seeding on the intended acreage is pretty well completed. In Oklahoma soil moisture conditions are very favorable for the season, except in the western portions of the Panhandle and in the counties along the eastern edge of the State where subsoil moisture is still lacking. Elsewhere light rains and showers during the week were helpful with the result that wheat and other fall-seeded crops are making good to excellent growth over most of the State.

Primary receipts of wheat were 1,873,000 bu compared with 1,214,000 bu last week, and 930,000 bu last year.

During the last hour of trade November, May, and July beans advanced the full permissible 10¢ limit, and when thisoccurred it naturally had a great deal of influence on prices of cereals in other pits. Beans did not maintain the entire advance, but yet the close was strong. Another feature that stimulated buying was that an economist for the National Grange had submitted a plan to rebuild the Far East by providing better than $2 1/2 billion worth of farm products. It had also been reported that Norway purchased 1 1/2 cargoes of #2 red wheat, although there was some doubt whether the actual confirmation has yet been obtained. There was a small cargo of #2 red wheat loaded out of Chicago for shipment to Duluth, but we understand that this is the only commitment of its kind to mills; therefore, is somewhat of an isolated case. In any event, the undertone was very firm, and there was not much pressure anywhere. However, rye was very indifferent.

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CHICAGO, 4

November 13, 1953

In an absolutely free economy the U.S. farmer who owns his land may sow it to whatever grain or commodity he sees fit, and except for a few times in history there has never been any disqualification on that score, save times when artificial stimuli were resorted to. We recall early in the 30's when farmers were asked to plow up every third row of cotton or wheat in an effort to cut down production. At the present time it is being done in a different way, but nevertheless certain freedoms have been abandoned. Just recently wheat farmers had been asked to choose between further restrictions, which meant cutting acreage, in order to get the full price support for basic commodities, or accepting drastically lower price supports for their wheat. As we realize this denotes the alternative of having less freedom, and we are of the opinion that other such decisions are likely to face producers in the near future. The question then arises whether this is to be an indication that farmers have abandoned certain liberties in order to get higher prices; thus completely reversing the position that leaders of the two largest farm organizations had supported so strongly from 1946 to 1952. Of course, some hold the view that by the very definition of freedom, it is suggested that an individual is free when he is able to do an act or not do an act. Therefore, having chosen to accept high price levels, even by taking land out of production, they say he has not given up his birthright and that he has merely accepted what appeared to him to be the lesser of the two evils. Still others maintain that an individual remains free if he has knowledge of the important alternatives that face him, and the consequences of these alternatives relative to the rational formation of that particular decision.

Despite all these arguments and debates on basic issues, we still find that Secretary Benson favors the two-price system, which would permit high price supports for wheat used domestically for human consumption, but no help for that quantity which is exported or fed to livestock.

Before our market opened this morning the weather map appeared to be clear everywhere, no rains in sight, but higher temperatures were in prospect, and it looks as though the Central States were still extremely dry, although in the other parts of the country relief has been quite general.

Apparently some export business had been put through. The only reports we had early were that the sales of red wheat to Norway had been completed and between half and three-quarters of a cargo were reported sold, but actually a larger number of hedges seemed to be lifted. This gave us early strength. U.S. shipments of wheat and flour during the past week amounted to a little less than 3 1/4 million bu, which brings the season's total to 81 3/4 million bu compared with 109 1/4 million a year ago. Exports of corn were 1 1/2 million bu, with nearly 9 million shipped since October 1st, which is slightly higher than the season before. We cleared nearly 2 million bu of beans, which is certainly a large quantity. Of course, some of this business may have been put through when prices were considerably lower, but in any event, there has been a total of 6 1/4 million shipped since October 1st compared with only 2 3/4 million last season. This morning a further report was current that 7,500 tons of beans had been sold via the Gulf to Formosa, and we understand that still more trade is in the offing, all of which suggests that even without subsidies the foreign demand for this commodity remains extremely good.

Primary receipts of wheat were 1.3 million bu compared with a little over 1 million bu last week, and 336,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 93,000 bu. When the visible supply of wheat is posted Monday it will compare with a shrinkage last year of about 3 million bu.

December wheat was very strong today, there may have been some buying onthe prospect of business with Spain next week, and on the possibility that red wheat would be taken again. There was a good deal of buying of December wheat against sales of May which narrowed the spread. July wheat was under pressure and was quite weak. Milling demand was moderate, but there were no appreciable number of hedges covered. Corn was slightly lower, but there is no pressure from farmers in this part of the country. The December future gained a little on the later months. Rye was very weak, and at one time showed losses of 4¢ per bu or more, with continued imports apparently having their effect marketwise. Bean held well considering the fact that the market has recovered over 50¢ per bu from the low point.

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November 16, 1953

By the middle of October there had been over 350 million bu of wheat impounded from the 1953 harvest, and this was 30.1% of the crop, while the year before by the same date there had been 312 million bu of wheat placed under the loan, which was only 24.2% of the 1952 crop. Thus, we can readily perceive a combination of circumstances, with low prices and a better understanding on part of farmers, which is taking more and more wheat out of commercial channels. The story is even more impressive when we look at the soft winter wheat belt, and find that in the states of Ohio, Illinois, and Indiana, farmers had placed nearly 40 million bu of wheat under the support program by October 15th. This was nearly 1/4 of their production, indicating that even in the areas where there is not so much storage space, and where traditionally farmers who raise unimportant quantities of wheat compared to other crops are becoming more impressed with the possibility of the wheat loan. In the same period last year there was only 7% of the 1952 crop tied up in the Central areas

We were of the opinion that a year ago the loan factors would have more of an influence on price levels. Last March there had been 460 million bu of wheat impounded, and adding nearly 100 million bu which the government held from previous crops, it looked as though virtually the entire carryover would be under government domination. Thus, one could easily conceive of very little wheat being left for commercial purposes, and had it not been for the fact that rather sizeable quantities were sold from federal accumulated surpluses to exporters, the whole story might have been different. These vast stocks are often like the Sword of Damocles hanging over one's head; if they are securely held, as we have witnessed in previous years, then a tight situation often develops, but if some wheat is being released from time to time, and the assurance exists that exporters could get practically anything they want, it is quite a different story. We may have a gradual tightening of supplies in the current crop year, such as could have developed last season had the government remained in a holding mood. Therefore, one must study all of the factors closely as more wheat becomes impounded with the idea of trying to discover what attitude the government shall pursue when a certain percentage of the grain is defaulted, as obviously will be the case unless we have an advance in premiums, futures, or a combination of the two.

Last Friday after our market had closed, the government abandoned its plan for what was called "multiple compliance". About a month ago, the Department told farmers they would have to comply with all acreage allotments to be eligible for price supports in any of the six basic commodities that were produced next summer. As matters now stand the farmer who takes his land out of wheat and complies with those regulations may sow corn in its place without being doubly penalized The easing of restrictions was announced because some of the fall-seeded crops had already been planted.

Our market opened rather firm and there was a little more red wheat sold to Norway but the business with Spain will probably not come through until middle of the week. Some feel that there may be a fair amount of red wheat involved, but this is not a certainty. We do feel, however, that some hedges have been bought in anticipation of the business. Oats opened a little lower on the theory that a joint US-Canadian Commission to study a broad trade and commerce relationship between the two nations might end up without our placing restrictions on imports of Canadian cereals. There was 945,000 bu rye and 135,000 bu oats cleared from Canada, with Chicago the destination, while 140,000 bu oats are headed for Toledo.

Primary receipts of wheat today totaled 2,334,000 bu compared with 1,976,000 bu last week, and 1,889,000 bu comparable day of last year. When the visible was posted today wheat showed a net decrease of 731,000 bu, leaving total stocks of about 308 million bu, or about 57 1/2 million bu more than on hand a year ago. The corn visible increased about 6 million bu. There was a decrease in Chicago wheat stocks of 440,000 bu, leaving 17,856,000 bu in this market. Corn increased almost 800,000 bu, making the total here approximately 7 million bu.

The early strength in wheat was dissipated before the close of the market. There was very little new in the way of news. Flour business was exceedingly small over the week-end, and we heard of no export business from this country. It was reported that Eastern Canada sold 2,500 tons of corn to Ireland. Some rye was sold from the Argentine equal to 87 3/8 per bu FOB.

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CHICAGO, 4

November 17, 1953

On the first of December the Liverpool wheat futures market will reopen after a lapse of more than 14 years. Thus, hedging facilities will again be available to dealers against foreign shipment, whether they are merchants in the U. K., or located in other parts of the world. This marks the final stage of the freeing of the U. K. grain trade from government control, and every possible provision has been made to enable the market to regain its pre-war eminence. The mills served by the Port of Liverpool represent the greatest concentration of milling plant for imported wheat in the world. The public storage and handling facilities at Liverpool, Birkenhead and Manchester are unequalled. Consequently, milling quality wheats from the four principal exporting countries; namely, U. S., Canada, Argentina, and Australia, are attracted to the market and are tenderable, after grading, against forward sales as they become due. Upon this broad foundation of consumptive demand millers, merchants, and shippers can enter into forward commitments of wheat from exporting countries, and hedge themselves against adverse price movements.

Rules governing trading in futures will be substantially the same as in pre-war days, but the re-export of tendered wheat will not be permitted. Premiums for certain types of wheat, including U. S. springs, will be payable by holders of contracts in order to put various grades into realistic relationship with Plate wheat, which will be delivered at face value on futures contracts. Special arrangements have been made with the Bank of England for remitting differences due to clients abroad, and remittances may be made in the currencies of the country in which the bona fide client is domiciled. This means that any profits accruing to traders may be converted to U.S. citizens in dollars, and a big advantage is thus attained. Conversion problems had been feared up until this time.

There were only 54 cars of corn in Chicago today, indicating that the country is not in a selling mood, and that on declines the holding tendency will probably be accentuated.

The weather during the past 24 hours has been generally clear over most of the grain belt, but there may be a few light rains in northwest Kansas and in northwest Nebraska by tomorrow night, and the precipitation may extend to wider areas toward the end of the week, but no appreciable amount of moisture is indicated.

Our wheat market opened somewhat lower, and yesterday's reaction brought temporary discouragement, which we believe may have been largely due to the lack of short interest. This suggests there may be setbacks from time to time, but with heavy impoundings that are undoubtedly taking place, we do not look for sustained weakness.

Primary receipts of wheat today amounted to 1,682,000 bu, this was slightly more than last week and compare with 1.1 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 103,000 bu.

Broomhall's Foreign Crop Summary was mostly favorable. It seems that plowing and seeding of grain on the Continent is progressing favorably, and acreages should be as large as a year ago. Moisture supplies are adequate to good over most areas, although reserve moisture is somewhat deficient in a few sections. The one exception is Italy where excessive rainfall has occurred, and thus planting has been retarded. They are having a spell of mild weather the same as we are over here.

There was some talk in the trade that Germany may be allocated $5 million for the purchase of soybeans. This, together with a little buying and the strength in meal, gave us a better market after early weakness. There was no enthusiasm to buy flour, and as a result December wheat, which yesterday had been quite strong, eased and went to a larger discount under the later months. A small amount of corn was sold to Ireland, but the futures market was firm. There were so few cars in Chicago today, as mentioned above, and of those 13 were for the account of CCC. Thus there is no pressure, and we doubt whether the country will sell unless we finally get upturns. Contract wheat stocks in Chicago declined for the week, but there is still 11 3/4 million bu here, of which about 9 1/2 million bu constitutes #2 red. The oat market was quite weak, there was liquidating pressure and some selling here also against purchases in Winnipeg. July wheat is selling at a discount of 8¢ per bu under May, and on that basis it looks to us to be an attractive spread.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 18, 1953.

A great deal has been said about the damaging effects of oat importations upon the U.S. economy, and many people who, in our opinion, have not studied these statistics too carefully have claimed that prices here were unduly depressed because of the fact that we permitted shipments to be made to the U.S. at a time when we were trying to support markets through loans and other means. For the record, it should be stated that in the five years before the war, average oat production in this country amounted to 1,045.3 million bu, while during the past five years the crop has averaged 1,314.8 million bu, or an increase in the yield of 269.5 million.

On the other side of the picture, feeding operations have been greatly stepped up. Population has grown at an unprecedented rate, and through high employment our people have eaten more meat than at any time in history. Domestic oat utilization before the war amounted to 1,029.7 million bu, while for the last five years we have utilized on an average 1,357.2 million bu each year, indicating an increase in home usage of 327.5 million bu. Our exports for the past few years have run only from 2 to 5 million bu, and in fact, in eighteen years have averaged but 6 million bu, showing that at no time recently have we had a big surplus such as occurred in some of our other grains. The only conclusions that we can logically draw are that with domestic utilization increased 327.5 million bu, and production only 269.5 million bu, there would have been a shortage of nearly 60 million bu had we not augmented supplies through Canadian and Argentine imports. As a matter of fact, last season we brought in 70 million bu from Canada and the year before 61.7 million bu, thus doing what was only natural at a time when a larger consumption was in effect, and when our own production was apparently not sufficient to take care of these increased requirements. If we go back for a period of eighteen years, we shall find that our average domestic utilization has been smaller than our domestic production. For that reason average imports over that period have amounted to 25.6 million bu, which in our opinion is good economicsand makes sense. Other factors to the contrary that grain was brought in with the intention of depressing prices do not seem to have much weight unless the argument would be used that if the price had been higher we might have curtailed usage, but in that case undoubtedly some persons in the country might have suffered.

Before our market opened this morning, the weather map was scanned carefully, and it appears as though rain and snow might develop over wide areas. This, of course, would be more than welcome as we have had an extremely dry fall even with some relief in the Southwest recently. The thirty-day forecast, which is not always too accurate is somewhat optimistic, but the trade did not pay much attention to this news except that July wheat weakened a little in comparison with other futures.

Late yesterday the Canadian report was issued from Ottawa, and a total crop of 614 million bu is now indicated for all of Canada, which is an increase of 20 million bu from the previous estimate, although it is smaller than last season. The oat crop was about the same, and there was a reduction of approximately 11 million bu for barley, and 1 million bu for rye.

Of today's corn shipments from the country only about 10% comprised CCC offerings, and we understand that their shipping orders continue small.

Primary receipts of wheat today were 1.3 million bu, last week was a holiday, but a year ago receipts amounted to 531,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 222,000 bu.

There were only 110 cars of corn in this market today, and futures were rather firm. Oats also improved, although there was some selling here against purchases in Winnipeg. We feel that their May future at nearly 6¢ discount presents good opportunities. Beans were strong, and today was the last day for trading in the November future. There may have been afew more wheat hedges covered against export business to Spain, although acceptances are not due until tomorrow. Some believe that the various people who offered wheat to that country have probably protected themselves fairly well during the past few sessions. There was only a small amount of flour business, but these small replacements from day to day all add up.

The Kansas State Report was optimistic, despite a few localities through central and eastern sections where germination and emergence has been poor. The plant seems to be up to a fairly good stand.

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CHICAGO, 4

November 19, 1953

The writer remembers not too long ago that rather crude methods were employed by crop experts and plant pathologists in trying to determine root structure, particularly during the winter months when severe weather without sufficient snow-covering was threatening the life and vitality of winter wheat. In some cases plants were withdrawn from the earth and placed in a greenhouse to see if the specimen was still alive. This method, in our opinion, will soon be antiquated, and in its place the Geiger counter and radioactive fertilizers will be used. Plant breeders and soil scientists are already making great strides in this direction. They have recently taken certain grasses over placements of radioactive phosphate fertilizers at different depths, and could thus keep track of what the individual root systems were doing. Observation was possible by turning the new clicking eye, the Geiger counter, on the above-ground parts of the plant and noting when the sap became radioactive. In this manner they learned at once how deep the roots had gone and how long it took them to get there. Experiments on the use of heavier nitrogen have already been found to hasten root penetration on grasses for the first year, although it had no effect on the second. We mention this only to illustrate what may finally be accomplished by remote control observations, and the field of research seems to be almost unlimited.

Before our market opened this morning, everyone was anxious to find out whether the Spanish business had been placed. There was some delay in getting the actual data but it seems that about 2 million bu red wheat was sold from this country, but surprisingly enough, to some, it had very little market effect, and as we have ventured previously in our letters a good many of the hedges had already been covered. We doubt whether any of the red wheat will come out of Chicago as there must still be wheat east of here that is available and cheaper.

We have been advocating the last day or two the purchase of July wheat against sales of May, even admitting that impoundings during the current season may be heavier than the record of the year before. Stanford University in 1938 claimed that with the exception of one year when the May future was pegged, the July future had always gone to a premium over May when the carryover on July 1st was over 150 million bu. Since that time conditions have changed very materially. The principal consideration today is the loan. Our population has increased by leaps and bounds, and millions of bushels of elevator capacity had been built, so that it is a different story now from the pre-war era. All,indications point to a reserve stock of 775 million bu wheat on July 1, 1954, which would be the greatest for all time.

There has been some wonderful moisture, we admit in parts of the Southwest during the past twelve hours, and more precipitation is yet to come. It will probably snow in western regions while the storm moving in an easterly direction will probably bring sleet or rain for other sections. It is also likely that we shall have some rains over the Central States. However, the winter wheat acreage has been cut owing to marketing quotas, and while moisture has improved the outlook it is still a long timebetween now and next harvest. Furthermore, July wheat is selling far below the probable 1954 loan level.

Primary receipts of wheat were nearly 1 1/2 million bu compared with 1,8 million bu last week, and 857,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 255,000 bu.

Trade was not particularly heavy. There was some buying of December wheat, apparently against the export sale to Spain, but in spite of this there was a widening of the spread between the nearby delivery and later months. July and September wheat held up comparatively well considering the fine moisture in the Southwest. During the session we had further reports of snow in the Texas Panhandle mixed with rain. There was also 1 1/2 inches rain at Herrington, Kansas, and at numerous other points. Fairly good flour sales were reported Southwest, and probably the best in several days. Even this did not stimulate much buying, however. Soybean prices were probably depressed by an early report, although unconfirmed, that the government might sell 200 million pounds of butter. This, of course, would have someeffect on the oil market. The market rallied sharply during the last hour on reports of export business.

Winnipeg oat futures were strong, and there was some buying there for American account, with possible sales in Chicago,

Corn was very strong, the movement from the country is not heavy, and while there is only a moderate demand, sentiment remains friendly.

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CHICAGO, 4

November 20, 1953

Secretary Benson in a prepared speech before The National Grange, said that: "This administration is trying to develop new programs on a commodity by commodity basis that will regain lost farm markets and help farmers to help themselves to firm economic ground." The present farm program in his opinion simply cannot be made to work effectively under prevailing circumstances, and he called attention to the fact that farm surpluses have piled up and that markets have closed up and farm income has dried up. Mr. Benson feels that there should be different programs for different commodities because all major commodities cannot fit into one box. He favors flexible rather than high rigid supports, and made it plain that in the long run both agriculture and the Nation will be served better by supports guarding farmers against loss rather than insuring them a high income. The National Grange, while calling for retention of present farm supports in a policy program presented to Secretary Benson, admitted that indefinite extension of present supports would not solve the problem of surpluses. The principal need for agriculture, they claimed, was to move toward expanding markets especially abroad. We mention this at length because there is some evidence that these various ideas may be incorporated in a new program when Congress convenes in January.

The trade paid more attention this morning to an announcement from Washington that the Agricultural Department was about to launch a new program for the sale of a limited quantity of government-owned wheat for export to countries outside IWA. Spokesmen for the Department indicated that wheat would be offered for sale at prices low enough to put American exporters in a competitive position to sell wheat. The Department said that prices under the program would be announced each day and that they will also make flour available, with details to be announced soon.

When our market opened prices were naturally lower, the nearby deliveries suffering the sharpest declines. Despite further reports of snow, sleet, and rain, the new-crop deliveries held comparatively well, and it now looks as though the drought had been pretty well broken. As a matter of fact, there is some precipitation expected for the Central States, where it has also been extremely dry for several months. Snows and precipitation in parts of the Southwest have brought cheer to farmers in those localities, and the prospect seems to be more optimistic than at this time last season. Precipitation for the period, August through October, is 62% of normal for Kansas, 87% of normal for Oklahoma, 116% for Texas, but when we come into the Central States, it is running less than 50%, with the exception of Michigan, which stands at 77%.

Primary receipts of wheat were nearly 1 1/2 million bu which was slightly more than last week and compared with only 984,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 375,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of4.1 million bu.

There was a good trade in soybeans and there was some talk that the Department of Agriculture might remove this commodity from the list of surplus items. If such a decision were reached, it would mean that soybeans could not be available for export based on local foreign currencies although this would not prohibit the purchase of beans by foreign buyers if they had dollar exchange. The January and March deliveries sold at $3.00 and went to about even money.

Trade in wheat was not particularly heavy. The new crop months were again the strongest despite the fine weatherin the Southwest and further reports of rain and snow. There seems to be a tendency toward widening carrying charges and if the government should try to dispose of some 4 million bu of its soft wheat stored in boats for export, this would naturally have some influence on the demand from private sources.

Corn was firm again and there was no particular feature except that country selling remains very moderate and there was also a cargo sold for export which took a few hedges out of the pit. Cooler weather might mean a little more feeding although no real low temperatures are yet in sight.

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CHICAGO, 4

November 23, 1953

When the International Wheat Agreement was being seriously considered in 1949, we stated: "It is doubtful if agreements which attempt to forecast prices and price-ranges over a long period of years can successfully resolve the conflict of interests between buyers and sellers. In the marketplace these conflicts are resolved by the check book. In state trading, they may well contribute to international ill will." When the agreement came up for extension last summer, Britain withdrew, and, of course, this was a real shock because she was the largest buyer of wheat. The fact that she foresaw lower prices was neither convincing nor encouraging to the exporting nations which were holding out for high prices. It looks very much from the latest step whereby our government is immediately offering to sell a limited quantity of CCC-owned wheat for export in addition to wheat moving under IWA program that it would further tend to make IWA countries, which are presently importing grain, suspicious of any benefits now being offered. Our purpose in offering CCC wheat is to increase export of wheat and flour, and as of October 1st there was some 464 million bu under government domination mostly acquired through price supports. Under the new subsidy program, it is believed that we are cutting loose from the price partnership with Canada. While it is true that we will post IWA subsidy rates as usual, we will at the same time and in the same breath announce the price for CCC stocks of wheat by classes, FOB ports. As one authority in the East has stated, it is clearly a scramble for world markets, which our officials apparently do not deny. Quantities that will be offered have not been mentioned, but once these selling programs start, they generally extend farther than is visualized at the start.

Secretary Benson, in a recent speech, asked whether we believed price supports should be only of a stop-loss nature, or should they aim to guarantee farmers a high level of income. "This question," he said, "probes into the very heart of our philosophy of government and individual responsibility." He asks how the program will affect the character, morale, and well being of our people, and further states: "The choice between the two kinds of supports is a choice between more freedom with less security, and less freedom with (for a time at least) greater security."

Before our market opened this morning, there had been reports of good snows in the Northwest and fine rains over the Central States, which, together with the previous precipitation that just had come to farmers in the southwestern areas, gave assurance that crop conditions had been considerably enhanced. There was no export business of consequence, although a few small lots of flour were sold to The Netherlands and mills were hopeful of broadening sales to non-pact destinations under the new CCC program. The White House has ordered Department officials to continue making feed ingredients available at reduced prices for drought relief, and in that connection CCC funds will be used. Undoubtedly the program will continue through the winter. Stocks of oats have been reduced to such proportions that it opens the question whether the government will be forced to come into the open market to buy. However, this factor did not have too much influence on the price level. Shortly afer the opening beans became very strong and the nearby futures went to above the $3. level, which brought, temporarily at least, some buying into other pits.

When the visible supply of wheat was posted there was a decrease of 3.1 million bu, which leaves stocks in all positions 305 million bu, or 58 1/2 million bu more than a year ago. The corn visible increased 3 3/4 million bu, while oats decreased 895,000 bu. There was very little change in beans, and a small decrease in rye. The Chicago wheat stocks decreased 167,000 bu, leaving a little over 17 1/2 million bu here in Chicago.

However, two elevator concerns were buyers of December wheat, and this kept the nearby delivery rather strong, and it gained somewhat on the more deferred months. Wheat was quite indifferent early, but gained strength later in the session without much special news except strength in surrounding pits. Beans were very strong on prospects of continued heavy exports, and they were guided by higher prices for meal and oil. While there are somecomplaints by processors that the end products are not selling too well, there is, nevertheless, firmness in cash prices. Corn was very firm, and the country is not pressing supplies even on the advance. Flour sales were very slow over the week-end according to The Southwestern Miller report, but little attention was paid to that factor.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 24, 1953

We have pointed out a number of times the fact that wheat was affected by artificial conditions: namely, the high loan value has prevented supplies from seeking normal commercial channels. However, if one looks at statistics quite the reverse is the case. According to official figures, supplies of wheat in this country on November 1st, for milling, export, or carryover, totaled 1,276 million bu, after deducting the full season's requirements for feed and seed. This is about 200 million more than a year ago and nearly 350 million more than the five-year average. The increase in stocks is due to an increase in the carryover on July 1st of about 300 million bu.

The export picture also does not lend any encouragement. During the month of October, it was estimated that exports of wheat and flour amounted to 10.3 million bu compared with official exports of 21.4 million bu during September, and 32.6 million during October of 1952. Total exports from the beginning of our crop-year, July 1st, through October, totaled approximately 78 million bu this year compared with about 105 1/2 million bu the comparable months of last year. This is virtually 28 million bu less than a year ago. During the 1952-53 crop-year, total exports were 315 million bu; so if the same percentage of decrease holds true for the twelve-month period, we will be very fortunate, indeed, to have our exports total 250 million bu for the 1953-54 season. The export picture may be somewhat stepped up by the proposed action to sell wheat outside IWA countries on the same basis as it is sold to participating countries under the Pact. It is presumed that further information will be obtainable by end of this week as to what basis the government will offer part of its holdings to the non-participating members. If they use the same subsidy it would place our red wheat at practically the minimum price provided for under IWA. A 47¢ subsidy would make the price $1.72, less about 20¢ to cover the difference between Fort William and FOB our Atlantic. Therefore, our red wheat could become the cheapest wheat in the world offered to the new sources, considering quality, etc.

Further reviewing the North American wheat situation, Canada's 1953 crop is now officially estimated at 614 million bu, which makes it second only to last year's record of 687.9 million bu, and 45% above the ten-year average.

According to figures given by the USDA, importation of oats continue heavy and during October amounted to 7 1/2 million vs a little under 6 million bu a year ago. Total imports from July 1st through October have been 28.8 million bu against 25.0 million the same months of last year.

Primary receipts of wheat today were 1,412,000 bu compared with 1,682,000 bu last week, and 1,365,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 10,000 bu.

There was very little grain news overnight. Fair weather prevailed during the past 24 hours, and the five-day forecast intimates somewhat above normal temperatures, with very little precipitation.

During the early part of the session markets were somewhat paced by the strength in beans. The buying in wheat was largely in the nearby deliveries, with the July and September futures quite neglected. According to The Southwestern Miller, export wheat and flour business was practically a blank, with the Egyptianspostponing their purchase of 20,000 tons of soft wheat flour until November 28th. Flour mills did a small amount of PDS business overnight, but little else is being sold. Contract stocks of all wheat in deliverable positions in Chicago showed a slight increase, and contract stocks of #2 red wheat are now about 9 1/2 million bu.

Corn was strong during the session with country offerings extremely light. In fact, receipts of corn in Chicago today totaled only 45 cars, which was the lightest single day of receipts in the past two or three years. The premium basis in Chicago is improving, and #2 yellow corn was 1 to 2 over December.

Beans earlier were somewhat helped by the strength in the oil and meal markets. It was reported that the British government had bought 45,000 tons of cottonseed oil from the Commodity Credit Corporation, and that an additional 25,000 tons had been acquired by a large British soap manufacturer.

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CHICAGO, 4 November 25, 1953

For the first ten months of this year farmers' cash receipts were about 5% smaller than in the same period of 1952-- a larger quantity of products was marketed but prices were lower. On the other hand prices paid by farmers also eased slightly and the parity ratio fell one point, bringing it to 91, which compared with 99 in October of 1952. Government spending for national security programs was at an annual rate of $52 billion in the third quarter of this year, or about $1 1/2 billion less than in the preceding quarter. However, this decline was offset by small increase in state, local, and other federal government outlets. Treasury expenditures in October would indicate that outlets for major national security programs may have slipped off a little further in the early part of the fourth quarter. A large part of the decline appears to be in foreign mutual security programs.

Before our market opened this morning there was not much to guide it. Weather was cloudy over many districts and a few snow flurries were reported here and there but not much precipitation is in sight.

There has been no further enlightenment on the export program in connection with sales to countries outside IWA. Very likely some announcement may be forthcoming from Washington next week, and we have been officially told that the price per bushel will not be less than the Wheat Agreement price, but on the other hand there is reason to feel that for the present at least there may not be much difference in values between the two programs, much depending, of course, on what class two wheat in Canada sells for. It appears as though our new program will be somewhat competitive with Canadian offerings, which heretofore have monopolized part of the North American market on exports outside the Pact. As the Assistant Secretary of Agriculture pointed out yesterday, we increased our farm output by 40% during and after World War II, and most of this was for the purpose of meeting the requirements of other countries when their own production was inadequate and their own sources of supply were cut off. Now, however, production in most importing countries has become more adequate and many exporting countries have increased their production to new high levels. Mr. Davis said that, fundamentally, Americans believe that the productive capacity of our agriculture is an asset to the world, and that the best answer to present farm problems is in the direction of greater outlets rather than shrinking the productive capacity of exporting countries. While we are not desirous of interfering with normal markets and normal channels of trade, yet we are anxious to find ways of using the available stocks that we possess to improve the living standards of hungry people.

Primary receipts of wheat were 1,642,000 bu, which compared with 1,318,000 bu last week, and 440,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 117,000 bu.

After a rather indifferent opening December wheat became quite strong, and gained on the other months. There is a report that Germany has indicated its intention to buy wheat, and advices from the East are to the effect that there may be nearly 7 1/2 million bu involved, including red and hard varieties, shipments to be made during December, January and February. There is also talk that Holland may be in the market for some red wheat, and that other countries may participate, but at the moment there is nothing much passing. There was a fair amount of buying of December against sales of later months as the spread narrowed. Flour business was extremely quiet, and tomorrow being a holiday did not help. There are some who are hoping for an improvement after the new export policy is announced.

Corn advanced with pressure on the market extremely light, and apparently the country is not yet a ready seller. It was reported that Mexico was picking up some corn here from time to time, purchases thus far estimated at about 2 millionbu. Beans were very strong and went almost to the highs of yesterday; the fact that both meal and oil advanced was encouraging to traders. There may also have been some commercial business, but it was difficult to detect as trade was rather broad.

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CHICAGO, 4 November 27, 1953

While we were celebrating the Thanksgiving Holiday yesterday, Canadian markets were open and their prices were slightly higher, but really not enough to have caused much impact upon our opening this morning. Nevertheless, traders were mostly in a bullish mood, and buying orders had accumulated with the result that within the first five or ten minutes of trade beans were up nearly 5¢ a bu and apparently this had its influence in other pits. The market on Wednesday was sparked by a report that nearly 7 1/2 million bu wheat might be purchased within a week by Germany, also fair quantity of beans, but from later indications part of this wheat business may go to the Argentine. Furthermore, there may not be any red wheat involved, but yet buying orders predominated and there was little pressure.

We find that exports of U.S. wheat and flour during the week were about 2 million bu, and since 1st of July we have cleared 86 million bu compared with 118 1/2 million a year ago. Thus we are not doing the business we should, and possibly this is the reason that the government has embarked on a new program to sell their surpluses outside of IWA. On the other hand, Canada is falling down, too, and only cleared 93 million bu since 1st of August compared with 123 million the year earlier. All of this brings up the question whether we are not going through a readjustment from the all-time record total world trade in wheat and flour of a few years ago when the U.S. contributed nearly half the world's requirements. Last year was really the first year of the postwar period during which many countries were no longer entirely dependent on current production to meet their requirements. By end of June 1952, our total exports for seven years had amounted to 2.9 billion bu; certainly quite an achievement. This was at an annual average of about 415 million bu, and constituted 46% of the total world trade in wheat and flour during that period. It must be obvious to everyone that we cannot continue any such program, and we may be fortunate this season if we ship a total of 250 million bu even with the efforts presently being exerted. Japan bought 4 cargoes Manitobas and an undisclosed amount of barley, and later messages stated that German purchases had been postponed until December 3rd.

The Santa Fe crop report was cautiously optimistic. They spoke of the October-November rains and snows, which were followed by near-perfect growing weather and another moisture period beginning November 19th over the Plains area. As a result stands of wheat were generally good, although in some cases spotted. Most of the seed has now sprouted even in areas where moisture was deficient at the time fields were drilled. Most farmers have planted their full allotment under the control program.

On basis of this report and other similar ones, July wheat is dragging and a good many people are selling new-crop futures against purchases of March and May wheat on the theory that heavy impoundings may widen the differences still further. It should be remembered, however, that we will undoubtedly have the largest carryover reserve in the history of the country on July 1, 1954.

Primary receipts of wheat today were a little over 1 1/2 million bu, slightly more than last week and nearly twice as much as last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 123,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last season of 2 1/2 million bu.

On Monday there may be fair tenders on December contracts. It looks as though 2 to 3 million bu of wheat might be tendered, a fair amount of corn, and rather liberal quantities of oats and rye. The gains which we had early in the session were not maintained. There had been rather heavy selling of January beans by one house, and we are now told that beans are considered in short supply, and may therefore not be shipped under MSA 550. This is contrary to the news we had on Wednesday, and may limit exports to some extent. The negotiation between U S and the U K on cottonseed oil has broken down, according to reliable sources in Britain. Not much attention was paid to the Russian request for a meeting with the Western Powers, but we understand, according to unofficial tallies that Premier Joseph Laniel has received a vote of confidence in the national assembly.

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CHICAGO, 4

November 30, 1953

We have mentioned on so many occasions that, percentagewise, the farm population has been declining steadily since 1910 when first records were available. At that time there were about 35% of our people living on farms and actually 32 million were devoting their time and efforts to agricultural pursuits, while now there are less than 25 million people counted under the farm population even with 160 million people in the country. With mechanical devices and improved machinery we may improve this situation even more. Of the number of farmers in the country, 51.1% live in the south, only 8.6% in the west, 8.4% in the northeast, and the balance of just less than 32% reside in the north central states. It is surprising, for example, that Kansas, which is the largest wheat state in the Union, has less than 2% of the farm population, while Iowa and Illinois each have a little over 3% producing quantities of corn as they do, but this is largely exceeded by a state like North Carolina, which has nearly 6% of the farm population, and other Southern states like Georgia, Mississippi, Tennessee, Kentucky, and Alabama, each have over 4%.

Before our market opened there seemed to be some hope of export business but we later learned that the German orders would be delayed until sometime next week. All that we could trace immediately was the sale of a cargo of corn to the U.K. However, there were reports of further imports of rye and oats to this country, the rye apparently being destined to Chicago and may later be tendered on futures contracts. We find that from the beginning of the crop-year to middle of November, there has been nearly 30 million oats imported from Canada, an increase of 6 million over last season. Rye shipments during that period have been 5 1/2 million bu, also larger than last year, and the stocks of Canadian rye in bond are about the largest since January 29, 1944. We presume that finally the duty will be paid on this grain and, therefore, it will not have to be re-exported.

The Department of Agriculture will shortly withdraw soybeans from the surplus list of commodities and may later ask for export licensing because of the short crop. There is some doubt whether the Commerce Department will go along with the attempt to restrict shipments, but this is still an open question. The world production of beans during 1953 is expected to be slightly less than the season before. Present prospects are for total production of 654.5 million bu compared with 667.7 million in 1952, and a record of 669.4 million in 1950. One of the important trade papers estimates that under the new wheat sale program we may ship an additional 18 to 20 million bu wheat from this country. This, of course, would not go very far in cutting down government holdings.

When the visible supply of wheat was posted there was a decrease of 592,000 bu, leaving stocks in all positions 304 1/2 million bu, which is 60 1/2 million bu more than last year. Corn increased 2.7 million bu, and beans increased 380,000 bu. There was a small increase in rye, and a decrease of 735,000 bu in oats.

Some attention was paid to deliveries, and there was nearly 3 million bu of wheat tendered on December contracts, over 700,000 bu of corn, 955,000 bu of oats, and 400,000 bu of rye. These were the latest figures that we had but are not yet complete.

The government indicated that oats would not be bought in the open market for feeders in the drought areas unless pressure from farmers and others became so great as to force the White House to over-rule its decision. While there had been a little reaction all along the line markets finally firmed after beans recovered and became strong. The bean market sold at a season's high for two futures today, which was naturally an influence in other pits. There continues to be a fair amount of buying of December wheat by an elevator concern, which is probably changing hedges over to the more deferred months, and spreading for that reason was quite substantial. Corn was fairly weak at one time, probably for technical reasons but firmed up during the last half hour as other grains improved.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 1, 1953

Secretary Benson was in Chicago yesterday, and stated that his personal views on farm supports had been misunderstood and perhaps deliberately distorted for political purposes. He also claimed that present marketing methods are little better than archaic and pointed out that losses caused by delays, spoilage, and excessive handling costs are staggering and that improvements are long overdue. He said it is obvious that production controls are not the real answer to farm problems and that his new program will help farmers gain full parity in the marketplace rather than some fraction of parity in a government warehouse.

As far as we can tell there has never been an effort made by the Department of Agriculture or by agricultural economists to figure parity based on income per farm. Unfortunately all the formulae that have been developed try to interpret the equation based on a bushel of corn or a bushel of wheat against the various commodities that farmers and farm families purchase. It must be clear to any student that increased mechanization, coupled with improved production practices, such as hybrid seeds, greater use of fertilizer, more effective weed, insect and disease control, have pushed output per acre up 31% since prewar, and we dare venture that it is far more striking when compared with the base period, 1909-14. For example, this year farm output is expected to fall short only of last year's, and the 1948 record. This may be attributed in part to the increasing productivity of our farmers. This year they are using one-fourth fewer man-hours of work, but there was almost twice as much farm power and machinery at their disposal as there was 15 to 20 years ago. All such scientific advancement has never been taken into the reckoning of parity over the years.

During the period 1948-1952 farmers produced 40% more than in the 1935-39 period. The gain from prewar will be even greater in 1953 if crop estimates have been correctly stated and are maintained.

Before our market opened this morning the weather forecast was published, and it looks as though higher temperatures and rain would occur over most of the country, not falling too heavily in Texas and other parts of the Southwest, but yet there may be fair precipitation in the Central States and in the spring wheat districts.

After a lapse of fourteen years the Liverpool market re-opened and the first price for wheat was $1.98 per bu, American funds, with freight and other charges paid. While this did not have the same influence on the U.S. as it did in prewar days, it does bring to our attention that subsidies will be a necessity as long as we have high support levels at home. The loan price of wheat on the U.S. farm is $2.21, or $2.54 Chicago. If freight is added to the seaboard, also fobbing charges, plus overseas billing for shipment, it gives us ample proof that we are far above world's levels, and, therefore, artificial factors must be dealt with for a long period.

It was announced by CCC that they would sell some of their refined cottonseed oil but the price was advanced 1¢ over the previous figure. Apparently they will not reduce oil prices again until September 1st of next year. This caused considerable buying in beans, which also stimulated trade in other pits.

New York reported small quantities of corn sold via the Atlantic and there was not a single car of CCC corn in Chicago today. That market improved. It looks as though some of the corn were being diverted to southeastern parts of the country for drought relief.

Primary receipts of wheat were a little over 1 million bu, which compared with 1.4 million bu last week, and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 45,000 bu.

Broomhall's crop summary from Europe was fairly good, although rainfall has been below normal in a number of areas, and additional moisture would be beneficial.

The trade today paid most attention to the strength in beans, and this came largely in the deferred months. There was also some covering in rye on the possibility that imports might be curbed, but we feel, even though PMA has recommended such action to the President, that there will be a long debate before any action, if any, is taken. There now seems some doubt whether the wheat export business to Germany will develop, even by December 11th, which was the postponement date. Meanwhile, Egypt has asked for offers on 2 cargoes of soft wheat via the Atlantic. Otherwise, it is rather quiet in export circles, although domestic flour business is a little better, the demand having improved, principally for hard winters. Corn closed quite strong, and there is still no pressure. Oils were very strong, as was lard.

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CHICAGO, 4

December 2, 1953

Secretary Benson was quoted rather broadly in his recent address before the National 4-H Club Congress, but one thing in his talk that impressed us very much was his comment that there is nothing static about demands for farm products. He pointed out that we are eating beef at the rate of 75 lbs per person, which is the highest in history. We are eating more eggs than our grandparents or our parents. Consumption of citrus fruits and other fresh fruits and vegetables has skyrocketed as we have improved methods of packaging and distribution. It is because of these changes that are taking place that we must devise a more elastic system which can be effectively geared to our changing economic needs. Therefore, Mr. Benson, feels that price supports cannot be the same for each and every product. Forty years ago in this country the annual per capita consumption of wheat flour was well over 200 lbs; today it is about 130 lbs, with most people watching their waistlines and demanding a more varied diet. The per capita consumption of rye flour is only 30% of what it was in the early part of the century,-- also, a reason that our production has diminished.

Before our market opened this morning there was not too much to guide it. The weather map had been wet and while there was not rain in all parts of the country it looked as though sections that had not been benefited probably would receive some rain or snow, and during the session we had reports of nice moisture at Goodland, Kansas, and fairly general moisture in the Panhandle district of Texas around Amarillo. The Weather Bureau there forecasts light rains all day, probably turning to snow tonight. Thus the winter wheat is getting off to a better start than last season and this may be one of the causes for the discount that July and September futures are selling under old-crop positions. On the other hand, we can never forget that we shall probably be faced with the largest carryover on record and if cash premiums are high enough some redemptions may be taking place before long.

There was little heard of export business but we understand from Washington that the new program had been launched but it seems that instead of posting prices FOB at various ports as had first been planned, there will probably be private negotiations of CCC with those doing the foreign business, but we are not entirely clear on these details.

Now that the Liverpool market has re-opened it will be a more tangible guide as to the price in world's markets, but by the same token fluctuations there are not apt to have much influence on the Chicago futures market due to the fact that the bulk of our exports are subsidized. Nevertheless, it may point out more emphatically the premium that American farmers are being paid under the support program, as we doubt whether the average person outside the grain trade had previously realized or recognized that every time a cargo of wheat leaves this country under IWA the cost to the taxpayer is something like $200,000. Of course, some people have argued right along that such expenditures are relatively small in comparison to what we are paying out for defense.

The Oklahoma Weekly Crop Bulletin mentions that moderate day temperatures and satisfactory moisture in most sections were favorable for the growth of wheat and other fall-seeded crops. While subsoil moisture is still deficient in a few northeastern counties and along the eastern edge of the state, over most of the state moisture was favorable for this season. The Nebraska Weekly Crop Report also stated that generally winter wheat made marked improvement, due to recent rains and snow, and that wheat sown in dry soil which had not previously sprouted, is coming up.

Primary receipts of wheat today totaled 1,113,000 bu vs 1,642,000 bu last week and only 301,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 86,000 nu.

We did not hear of any export business in wheat today, but according to The Southwestern Miller, hard winter flour business was slack overnight, but that spring mills sold a sizeable quantity.

Beans received early impetus from a report that Japan had bought about 500,000 bu yesterday, and is expected to purchase another 19,000 tons tomorrow. Holland is also expected to be in the market for a cargo of beans today or tomorrow. The open interest in beans continues to climb, and is now slightly in excess of 101 million bu.

UHLMANN GRAIN CO.

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CHICAGO, 4

December 3, 1953

The Economics Minister in Chancellor Adenauer's Cabinet, Mr. Ludwig Erhard, was in Chicago yesterday and urged free convertibility of currency between the U. S. and the free countries of Europe. He admitted, however, that this would be less easy with the high tariff barriers we had in this country. The writer, who is probably more interested in German agricultural problems, asked Mr. Erhard why Germany was taking so little rye from the U. S. or from Canada in comparison with the large quantities of wheat, in view of the relative cheapness, and also whether the soft wheat varieties were satisfactory for their purposes. His reply was that Germany had raised a fairly large crop of rye and that apparently there was a disposition to buy the soft wheat for the use of noodles, of which the German people were very fond. Apparently this is a relatively important part of their diet in the absence of so many fresh vegetables, meats, etc. The German wheat buying is likely to take place December 8th, but it now seems that they may come into the market for gulf hard wheat, with about 3 1/2 million bu involved. Thus they may have satisfied their requirements for soft wheat through earlier purchases.

During the past week total exports of U. S. wheat and flour, according to Broomhall, were 3.6 million bu, or a little more than in recent weekly shipments. The total since July 1st is 89 3/4 million bu compared with 122 1/2 million last year. Our exports of corn during the week were 1.2 million bu, and since the 1st of October we have cleared 17 million bu vs 21 1/2 million last year. Soybean shipments were 1.3 million bu, which makes the season's total 11 1/4 million compared with 8 million a year ago.

There was some wonderful rain in our Southwest. The Texas Panhandle received as much as 3/4 inch, and it was particularly beneficial over the Northern Plains. Precipitation also visited most parts of Oklahoma and Kansas, and more is in sight for the latter two states. The corn belt also had additional rains and while this letter is being typed moisture is still occurring.

Crop news from Europe, according to Broomhall, is quite favorable, although there is still need for rain before the winter freezes take place. There has been fine moisture in Argentina, which was helpful to the recently planted corn crop, but it favored grains in later districts also, particularly wheat and oats. In Australia locusts have caused damage in portions of New South Wales and are now threatening to move into Victoria. Harvesting of wheat, however, is well enough advanced so that the damage from this scourge will probably not be too important.

When our market opened this morning, there seemed to be some liquidation except for the oat market, and the March delivery almost immediately went into new high ground. Beans opened lower despite a report that half a cargo of soybeans had been sold to Holland via the Atlantic.

Primary receipts of wheat were light today and amounted to only 833,000 bu, a week ago was Thanksgiving, and receipts a year ago amounted to 949,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 195,000 bu.

While we wrote a little optimistically at the beginning of this letter of some possible export business to Germany, the amounts now will probably be considerably reduced if anything is done at all, as later in the session it was confirmed that the sale of 8 cargoes of Argentine wheat had been made toGermany, and this will probably change other calculations. When the news came out there was naturally a reaction in wheat, and early strength was largely lost as some selling took place. We also learned that Egypt had bought a good quantity of French flour, which is business that might have come here ordinarily. Thus, there is no assurance that we are going to do the large volume of foreign business that some had hoped for. Domestic flour sales overnight were small, and inquiries generally disappointing.

As we mentioned recently the advances which have taken place in corn and in beans seemed to attract more grain from the country, and therefore we believe some caution should be exercised on extreme bulges. On the other hand, the accumulation of corn at terminals has not been large, and there may be some reduction gradually in visible stocks, which might cause a firming of nearby positions as compared with distant months.

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CHICAGO, 4

December 4, 1953

If one takes a long-term view of agricultural situations and many of the problems that face us today, the outlook is certainly optimistic, particularly from the demand angle. The world population is increasing at a rate of nearly 24 million people annually. Many of the most densely populated areas of the globe can never be anywhere near self-sufficient, and dependence on the North American countries for food is likely to become increasingly great. We believe this is one of the reasons that Mr. Benson has taken all practical steps to expand our export outlets and is searching for broader world trade, but, of course, that all takes time and cannot be done overnight. Furthermore, international trade is a two-way street. At the moment the shortage of dollars and the inability of people abroad to buy our products is an important factor, plus the fact that high tariff barriers are preventing a free flow of goods into our markets. This administration has been adhering strictly to the policy of offering surplus commodities for sale either domestically or abroad in accordance with the law. If, for example, surplus wheat, cotton, corn, etc. were forced on domestic markets at low prices, it would have the certain result of pushing larger quantities of these commodities into the loan, and the result would be that the government would acquire even more of the same commodities under their price-support operations. They have a definite problem, however, facing them in that the very existence of surpluses overhanging markets tends to exert downward pressure on all farm prices, and to be sure, there is always some fear that some of the commodities may some day be dumped by the government upon an already overburdened market. Thus the immediate outlook is not nearly as optimistic as the hope for the future.

Before our market opened this morning, there were reports that Japan had purchased 20,000 tons soybeans, but some of this business may have represented a pre-purchase. Holland also bought a parcel of beans via the Atlantic, and reports had it that Germany might possibly buy some wheat here toward the end of next week.

The overnight weather was quite satisfactory, with considerable precipitation over portions of Kansas, Iowa, Nebraska, Missouri and Minnesota. In many of these areas it occurred in the form of snow, but there were some showers also in regions east of the Mississippi River. The drought has now been well broken, and we would say that practically all parts of the country are in pretty good shape, with conditions better than they were a year ago at this time. The five-day forecast also suggests moderate precipitation, all of which is beneficial before the ground freezes.

There were some more oats shipped from Canada destined to Duluth, and apparently this business is keeping up until navigation closes for the winter. Argentine wheat exports since January 1st have amounted to 81 3/4 million bu. Of course, the comparison with last year is meaningless as at that time the country had sustained a crop failure. They are, however, keeping up shipments of corn quite heavily, and since April 1st, 30 1/2 million bu has cleared from that country, or twice as much as the year before. Egypt is negotiating for some U.S. soft wheat, but German purchases, if they do take place here, will probably result in hard wheat business via the Gulf. At the moment that situation is quite indefinite.

Primary receipts of wheat were 802,000 bu, which was about the same as last year, but this compares with 1,539,000 bu last week. Kansas City and Minneapolis stocks so far this week show a net decrease of 168,000 bu. When the wheat visible is posted on Monday it will compare with a shrinkage last year of nearly 3 million bu.

Wheat prices were strong, and there was talk that Germany might buy large quantities of wheat from Canada or the U.S. by late next week. This apparently stimulated some buying, and the nearby deliveries were the strongest. When the wheat market advanced it had some influence on other cereals, but beans were not quite as gimpy as they had been lately, and there seemed to be some profit-taking.

Receipts of corn were not heavy, but on the other hand, the demand was not particularly urgent either. Cash meal was slightly easier, which may have had some influence on beans. The Southwestern Miller spoke of rather small flour sales and that they were entirely for current shipment. The trade apparently has assumed a conservative policy, and business has slowed down after some early activity at the start of the week.

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CHICAGO, 4

December 7, 1953

THE WHEAT SITUATION'S quarterly pamphlet issued by the Department of Agriculture was released this morning, and contained a number of interesting items. They called attention to the disappearance of wheat from the July through September period as having been the smallest since 1941. This reflected smaller exports, which totaled only 68 million bu for that period, and they, furthermore, gave the total shipments for the first five months as 90 million bu, which was a reduction of 35 million from last season. Calling attention to the 350 million bu which was already impounded under this year's crop through support programs, and allowing for additional impoundings until January 31st, the Department figured that we might finally have the same quantity as last year placed under loan; namely 460 million bu. This they claimed possible even with the crop 10% smaller. In mid-November CCC owned 427 million bu wheat from previous harvests and adding 350 million bu in the loan, there is 777 million bu in a more or less sterile position not available to the free market supply. This statement caught the fancy of a good many traders who figured that it would leave only 953 million bu wheat to provide for domestic disappearance, exports, carryover stocks, etc... not to speak of milling inventories, transit supplies, etc. All of this is, of course, true, and furthermore it has been known for some time. We have stated on many occasions that wheat might have to go to a price that would favor redemptions in the Northwest or in the Southwest, or both, but yet we doubt very much whether this is true of red wheat which is not yet in tight enough supply to fall under the same category as the preferred milling varieties. Thus we are not sure that today's release brings out many new developments.

We have been told that the national acreage allotment for 1954 is 62 million acres but that there might be some slight overages as a result of increases by small producers who are not interested in taking advantage of price support programs. Farmers may plant up to 15 acres without being affected by marketing quotas. The first estimate of winter wheat production will be issued on the 21st of this month. Domestic requirements for next year are estimated at about 700 million bu, or practically the same as for the current season. On October 8th, it will be remembered that the national average support price for the next crop was announced, this to be not less than $2.20 a bu. on the farm. However, if wheat parity next July is higher than at present, the support level will be increased to reflect 90% of wheat parity price at that time.

When our market opened this morning prices were reasonably firm, with wheat somewhat higher. The new export program for non-IWA buyers will probably become operative shortly. Sales will be made at prices below the U. S. market, but in no case lower than the IWA export rate. Portugal is likely to come into the market within the next few days and may buy either hard or soft wheat here. There is also a small business being worked to Mexico. Holland bought a parcel of soybeans but that was about the only business disclosed early.

Since last Friday there has been considerable snowfall over our Northwestern States and moderate precipitation in the form of rain or snow east of the Mississippi with smaller amounts Southwest. Clear and milder weather is now in prospect after a day or two of frigid temperatures.

When the visible supply of wheat was posted there was a decrease of nearly 4 million bu, total stocks in all positions are still in excess of 300 million bu, or 49 1/2 million bu larger than last season. Corn increased over 1 million bu, to a total of 40.5 million bu; this compares with nearly 59 million bu on hand last year. The oat supply increased 1.1 million bu to 18 million bu; this is 5 1/2 million bu less than a year ago. Beans decreased 1 3/4 million bu, the total stock of 14.6 million bu is practically the same as a year ago. Here in Chicago we had a wheat decrease of 847,000 bu; this still leaves more than 16 1/2 million bu in Chicago, but apparently one eastern operator took some grain from here to put into his own elevator, while other Chicagoans were apparently making room for some of the arrivals coming from Canada and elsewhere.

Oats were independently strong and paid little attention to the indifference at Winnipeg. Wheat was also very strong for the reason that we have outlined above, and a good many people are of the opinion that while the reserve stock will be huge there may still be some scarcity in the midst of plenty because of heavy impoundings. The open interest in beans keeps going up, but so does the market.

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CHICAGO, 4

December 8, 1953

Later in the month the government will publish final production figures for last summer's wheat crop, but we doubt whether there will be much change. On the assumption that spring and winter wheat yielded 1,163 million bu, and allowing for about 5 million bu that is coming into this country, mostly as feed grain, we had a total supply at the beginning of the season of 1,730 million bu. Domestic disappearance is estimated at about 700 million bu, which is slightly larger than last season, which would leave 1,030 million bu for export and next carryover. We have already cleared 90 million bu during the first five months of the crop year, including 23 million bu to Pakistan, which cleans up all but 3 million bu currently programed for that country under the Emergency Assistance Act. The government confirms our belief that the rate of exports so far this year would indicate that the total will be substantially below the 317 million bu we shipped the season before. Assuming that we are fortunate enough to clear 275 million bu in the twelve-month period, it would leave us with a reserve stock on July 1, 1954 of 755 million bu. We may be too optimistic on the question of exports, which in turn would mean a larger carryover, but the point we are trying to make is that with such a quantity of wheat, which has never before been equaled, it is difficult to figure that even with artificial influences we can have too tight a situation, and very likely there will be some redemptions as time goes on.

On November 30th, the price of No. 2 hard wheat in Kansas City for ordinary protein was $2.30, or about 12¢ under the effective loan rate after allowing for storage charges of 7¢ a bu. The higher protein wheat was, of course, relatively closer to the loan. The price of No. 1 dark Northern spring, ordinary protein, at Minneapolis was 9¢ below the effective loan, while some high protein hard winter and spring wheats are above the net loan after charges. Durum wheat is in a class by itself because of the short supply. The market price of this wheat is $1.23 above the effective loan. The only wheat that might be lodged permanently and defaulted in heavier volume than previously is the red wheat, which at St.Louis figured about 42¢ below the effective loan. However, the crop was so large and many individual farmers who are primarily more interested in other grains either sold their soft wheat earlier or have not put it under the loan. So we are not too much concerned with the over-all hazard of having shortage of supplies in the midst of plenty, as has been pointed out frequently as a possibility.

We heard from New York that Holland had bought 4,000 tons mixed wheat and Portugal is expected to buy a cargo of either U. S. or Canadian wheat, probably by tomorrow. Germany has set December 11th as the date for making its purchases but may postpone the program to a later period. Japan bought three cargoes Manitobas for December shipment, and this was about the main business we heard of early. There continues to be oats imported into this country and about 700,000 bu Canadian oats cleared for U. S. ports. We understand about the same quantity is headed here from the Argentine, which will probably be unloaded at the gulf.

Primary receipts of wheat today were 921,000 bu, a little less than both last week and last year. Kansas City and Minneapolis stocks so far this week show a net increase of 44,000 bu . The contract stocks in deliverable positions are 11.3 million bu, having declined about 500,000 bu during the week. We also learned that 4 barges of #2 red winter wheat have been loaded out of Chicago today, carrying 200,000 bu, and there were 3 barges yesterday with 150,000 bu, but it is our understanding that some of this wheat at least was moved to make space here.

On basis of some figures which were supplied by USDA we concluded that we shall finish the season with about 100 million bu of soft red winter wheat. Going back as far as 1941 there has never been anything like it. We doubt very much whether all of this grain is going to be impounded, which makes us somewhat hesitant in becoming too bullish, even with red wheat considerably below loan levels. Kansas City wheat futures were weak.

There is some small flour business but nothing of any consequence. Little attention is paid to the weather, although the map is unsettled again, and some snows are being reported in parts of Nebraska. Beans were a little reactionary. The 338,000 bale increase in cotton will produce meal equal to about 2 1/4 million bu of soybeans.

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CHICAGO, 4 December 9, 1953

The trend of industrial activity seems to have turned downward. The Federal Reserve Board's index for November, according to preliminary estimates, is placed around 230, or the lowest level since October of last year. Defense spending declined about 4% between the second and third quarters, while business spending for plant and equipment will show a decline of about 5% in the final quarter of 1953. Business failures are becoming more frequent and the number of units that have closed down in the first ten months of this year were up 12% over last, according to Dun & Bradstreet. Rougher competition is expected next year and it is likely that January clearance sales will increase and a few consumer goods have already been drastically cut: notably, television sets, refrigerators, and air-conditioning units. Sentiment is not unduly pessimistic due to the fact that business has shown surprising strength in view of the prolonged boom, yet there is evidence that the tempo is slowing down.

To what extent this will have an influence on grain prices is difficult to tell. For the time being at least artificial influences are still paramount. The new export program became operative yesterday and while prices for CCC wheat were supposed to be about competitive with the offerings under IWA, it is generally believed that there were no great bargains offered, and we have not heard of any immediate business consummated. Japan is expected to buy 5 or 6 cargoes wheat, but this business will go to Canada. Germany has now announced that purchases of U. S. hard and soft wheat would be made on December 15th. Considerable shipping space has already been chartered. We also heard that the U. K. had bought some parcels of corn, the price figuring about 17 over December, FOB Atlantic.

Not much attention is being paid to weather, although heavy snowfall occurred in portions of Iowa, also reaching into Northern Missouri, and there was light snowfall over portions of Kansas. There are showers expected this afternoon in the corn belt area, possibly turning to snow in the northern portions by Thursday.

We believe that the preliminary estimate later in the month for the 1954 winter wheat crop will show pretty fair yields even on the reduced acreage, but, of course, the cut has been drastic, some 16 to 17 million acres taken out of production, although the condition of the plant should show up well in comparison with last year.

Broomhall reports that unusually mild weather has prevailed in Europe. There have been complaints of excessively early growth of grains, while a number of sections need rain. With the exception of Italy seeding of fall grain has been largely completed. It has been mild in France with some complaints of inadequate moisture. Likewise mild weather has been reported in Western Germany, and rain is needed but most of the intended acreage has already been sown.

Primary receipts of wheat today totaled 667,000 bu compared with 1.1 million last week, and 480,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 38,000 bu.

After mid-session liquidation became more pronounced in beans, and this quickly spread to other pits. There was talk that larger quantities of oats may be imported from Argentina than had been mentioned yesterday, but we have no further details. Germany purchased 30,000 tons of wheat from Australia under IWA, which indicates that that country is shopping around, and does not have to buy all her supplies either here or in Canada. A cargo of wheat was also sold to India from Australia, and it seems that other countries with surpluses are trying to reduce their supplies also. The domestic flour business was rather slim. The Southwestern Miller believes that there could be a substantial improvement in flour demand on further weakness.

December wheat remained relatively firm, but nevertheless there were declines all along the line, with July wheat suffering the heaviest losses. Corn also yielded ground, and there was no particular pressure from the country. The oat market was weak and prices here declined, although at Winnipeg the market held relatively firm, but this is natural as the differences lately have widened, and very often Winnipeg oats sell at about the widest discount under Chicago at the time navigation closes.

Cash oil was slightly lower than yesterday, but meal for immediate shipment was about unchanged.

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CHICAGO MERCANTILE EX

CHICAGO, 4 December 10, 1953

There are a good many well informed persons in Washington who have doubts as to whether the suggestions of Mr. Benson for a new agricultural program will be adopted by the Congress when the matter is presented in January. Of course, it is premature to come to any conclusions because nobody knows just what plan or set of plans may be proposed. To bring about the most effective program it would take courage not only by a man like Mr. Benson, but also by the Congress which adopts it. It would mean also good judgment and statesmanship because the problems that lie ahead are not easy to solve, and what we need now is good will and wisdom in agriculture to get the job well done. Politically, many of the solutions would be unacceptable for the reason that the farmer has had a period of twenty years when advancing prices and higher parity levels have come into operation; therefore, any change now could only be for the worse. Nevertheless, the responsibility is there and in a Democracy it behooves us to accept legislation that will serve the most number of people in the best way, and everyone knows we cannot long continue on the present course of ever-growing surpluses and an ever-increasing drain on the national treasury.

For example, next July we shall probably have a wheat carryover reserve of about 775 million bu, which is more wheat than is consumed in this country every year for all purposes, including feed, seed, etc. Our carryover of cotton next August is estimated at 9 million bales, while our domestic consumption is just about the same. Then if we add to these surpluses about 900 million bu corn, large quantities of butter and other dairy products, not to speak of fats, oils, and tobaccos, one can easily discern without being an expert that our stocks are growing, and in fact, each day brings more problems. The cost to the taxpayer for storing these accumulations totals about $14.1 million a month, an average of nearly $19,000 an hour. Since these figures were compiled in August, inventories of the various commodities have risen considerably, and today's accounting might be even greater. Secretary Benson points out that a sound farm program is like progress and that it goes through a process of evolution. The transition must be orderly so that there will be as much continuous economic stability in agriculture as possible. Above all we must be certain that the programs developed are programs for all the people and not just for a few.

When our market opened this morning a good many traders had felt that yesterday's liquidation had spent its force and consequently there was some buying. However, the news was not altogether constructive and soon later it was reported that Portugal had purchased a cargo of #3 Northern Manitobas instead of red wheat, on which they were figuring from this country. On the other hand, Japan bought 1 1/2 cargoes beans from here and that had a little stimulating effect, at least for a time. The U. K. bought some parcels of corn, the price figuring about the same as yesterday's business. It is now thought that with the outside purchases that Germany has made from various countries, she will only take about 3 cargoes from the U. S. and on that quantity shipping space has already been chartered. This new buying will be accomplished about December 15th.

Our export clearances during the past week were only 2.6 million bu, and since July 1st, we have shipped a total of 92 1/2 million bu compared with 125 1/4 million a year ago, a reduction of 33 million bu, thus indicating the poor demand. Our corn shipments during the week were nearly 2 1/2 million bu; since October 1st, we have exported 20 1/4 million bu, a little less than last season. Soybean exports of 1.1 million bu for the week have brought the total since October 1st to 13 1/2 million bu compared with only 8 million the year before. There was nothing much in the weather except a little snow Northwest; elsewhere it was about the same but rising temperatures are in prospect.

Primary receipts of wheat were 722,000 bu compared with 833,000 bu last week and 925,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 33,000.

Markets turned weak shortly after the opening but an announcement appeared on the broad tape that President Eisenhower had asked the Tariff Commission to look into the question of rye imports immediately to ascertain if this trade were hurting the support program that is being carried on by the Agriculture Department. Rye immediately advanced 4 to 5¢ with the result that other grains sympathized and there was a fair amount of strength, particularly in beans, and for a time in wheat. Export business in beans was helpful.

On December 17th our government will give figures on the final production yields of 1953 crops but we doubt whether there will be any extensive or important changes. Broomhall reported that Switzerland had bought Argentine rye FOB ports at 91 1/2¢ per bu.

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CHICAGO, 4 December 11, 1953

After the close of the market yesterday the government came out with the loan figures showing amounts of all grain impounded by middle of November. The most startling figure was for wheat, nearly 408 million bu having been placed under the loan, which compared with 334 million bu a year ago at this time, and a final 1952 figure of 460 million bu. It is possible, therefore, that last year's record will be exceeded, and naturally this brings up the question, with 427 million bu owned by CCC from previous years, whether we are not going to have quite an artificial situation before many months pass. The unfortunate part of the story is that we get only one side of the equation. It would be like a bank showing the amount of money deposited each day but nothing shown for withdrawals. We feel that redemptions up to the presen time have not been heavy, but, nevertheless, there is always some wheat being taken up for one reason or another. It may be the keeping quality where the farmer does not want to take additional risks or there may beiinstances of high protein wheat commanding a big premium that would sell for more money on the market than in the loan, but unfortunately, we do not get that side of the story until much later in the year

As matters now stand loans in the states east of the Mississippi River are 70 million bu, an increase of only 10 million from the month before, although this compared with only 22 million bu a year ago. If we take only the states from Illinois eastward along the Great Lakes where the government showed 255 million bu in various positions on October 1st, there must still be a considerable amount of free wheat as loans announced yesterday showed that only 61 million bu had been tied up, still leaving 194 million bu that was either free wheat or could have been under government inventory from past years. That figure compared with 161 million bu for the same date last year. If we analyze the figures even more carefully and exclude New York and Illinois, where there are special situations, such as the "moth-ball fleet'' in the east and the Illinois situation which is governed largely by conditions at Chicago, we find that the other states had 145 million bu wheat on hand on October 1st, with loans of 44 million bu, or a net amount of 101 million bu, which in our opinion is pretty much in the form of free wheat. This compares with a net position of about 84 million bu for those states a year ago.

Strangely enough, the market after showing some firmness early was subjected to profit-taking and new buying power was somewhat restricted. There was no important business in exports, although Germany will probably come into the market next week.

The CCC has inaugurated a flour program for non-IWA buyers but it is doubtful whether this will bring in much additional demand. Mills are holding out some hope of improvement when the program gets settled.

France bought 2 cargoes Argentine corn and we note that during the past week Argentine wheat shipments were 2 1/2 million bu, bringing the total since January 1st to 84 million, while corn exports since last April have amounted to 31 1/2 million. The corn is almost twice as much as the season before.

Primary receipts of wheat were 638,000 bu compared with 802,000 bu last week and 897,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 28,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of nearly 4 1/2 million bu.

Trade was not particularly heavy but markets were somewhat erratic. There was support on breaks and beans had a good recovery after mid-session selling had subsided. The flour demand is still slack and trade is holding to rather moderate contracts on new business, with a hope possibly of doing a little better after the turn of the year. Wheat futures recovered when beans and rye firmed but there was no special buying and no particular trend. Corn and oats were quite indifferent.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 14, 1953

Wheat production in Europe is now estimated at 1,700 million bu, one of the largest outturns ever reported for that area. This is slightly larger than the previous estimate. The increase of about 60 million bu over the very satisfactory 1952 harvest reflects record or near-record yields in a number of western European countries. There is a slight offset in that rye production now appears about 40 million bu less than in 1952, largely because of reduced acreage in the important producing eastern European area. Unfavorable weather for fall seeding in some of the principal producing areas accounted for the reduction. The wheat crop in Asia was 1,610 million bu, which is the best result in the past two years, and compares with prewar average production of about 1,500 million bu. Larger harvests than in 1952 were reported from most Near-East countries, with new record high established for some. Turkey's wheat crop of 275 million bu is a new high, contrasting with prewar average of only 136 million bu, and a previous record of 239 million bu reported last season. Rye production in Turkey was also at a new high of 29 million bu, or about twice the amount that was raised in prewar days.

Under these circumstances it is not surprising that Secretary Benson and other experts are pessimistic in their views with respect to the amount of wheat that we may ship this season. Just this morning the Secretary was quoted as saying that wheat, cotton and butter were the sore spots, and that accumulations in these products were occurring probably for the reason that foreign outlets were not sufficient. There is some fear now that we may only ship 200 million bu of wheat during the entire 12 months period compared with 317 million bu last year, and of course that would change some of the calculations because it had been hoped that the final results would not be too bad in comparison with a year ago. During the first five months of the current crop year we have shipped about 90 million bu, including a large portion and the bulk of our contract with Pakistan. The IWA sales for that period totaled less than 50 million bu, and ordinarily the first six months of the crop year is the best period for us, although this may not necessarily prove to be the case in the present instance for the reason that some reductions are now forecast for the Southern Hemisphere countries.

Private estimates are now available, and suggest that the wheat outturn in Argentina will be about 211 million bu against 286 million a year ago, while the Australian crop is apt to reach only 175 million bu compared with 193 million bu last year. Furthermore, Argentine rye crop which was almost a freak last season, may come up to only 10 million bu versus 53 million bu the year before.

There are of course some artificial factors in the situation of which we should not lose sight. The present inventory of CCC is 425 million bu of wheat at the end of November, this representing accumulations from previous crops. Furthermore, there is nearly 408 million bu impounded from the present crop, although redemptions as near as we can figure have amounted to something like 3 1/2 million bu. There is always a lag in compilation of this data, but certainly many areas must have permitted wheat to be withdrawn from the loan in view of the high premiums that have prevailed, and this is apparently true of Durum varieties.

Primary receipts of wheat today totaled 1,662,000 bu vs 1,598,000 bu last week, and 2,235,000 bu last year. When the visible figures were posted wheat showed a decrease of 3,880,000 bu, still leaving 60 million bu more in the visible than a year ago. Chicago stocks of wheat decreased 545,000 bu, leaving a total of 16.1 million bu. Corn and bean stocks in Chicago also showed declines of slightly under 300,000 bu for each grain.

There was liquidation in most pits, with December wheat setting the pace. A modest lot of flour was consummated with British Guiana, but according to The Southwestern Miller domestic flour demand remains at a slack rate. We heard of no export business in wheat, although Germany is reported to be asking for offers tomorrow on 25,000 tons of hard winter, and according to Broomhall, Turkey is shipping wheat to Spain in small quantities each week. It has been reported that Holland and the U K each bought parcels of corn. The Northwestern Miller states that while the USDA is forecasting a potential export movement of 200 million bu wheat this year, some international experts believe this is unwarranted optimism.

Today marks the end of the navigation season on the Great Lakes, and Winnipeg reports that there is plenty of grain in eastern positions, with no improvement recently in the export or domestic demand for feed grains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 15, 1953

For some time now there has been consideration given to the question of placing a quota on imports of oats from Canada on the theory that the additional quantities coming in might be interfering with our support program. Late yesterday Canada had agreed to limit its export shipments to the U.S., and between now and their next crop year only 23 million bu will be sent here, according to an announcement by the White House, and also, by Mr, C. D. Howe, Minister of Trade and Commerce in Canada. Our government had pointed out on several occasions that the growing surplus of farm products has created a critical situation, and apparently Canada agreed to limit its exports as "the lesser of two evils". Canada feels that this new restriction should not create any great problems, as oats in Canada have seldom been in overabundant supply. Furthermore, the limitation is only for a temporary period. Both countries wish, if possible, to avoid restrictions and counter-restrictions. Previously the Canadian government had hoped that such action could be averted in the interest of free world trade, but apparently action was taken as a diplomatic step. Last year we purchased 70 million bu oats from Canada; the year before 61.7 million bu, but on other occasions imports were of much smaller proportions with one exception: namely, 1943-44, which was a war year. During that crop season we took more than 81 million bu oats from Canada, although for the past eighteen years the average annual business has been only 25.6 million bu. So apparently the request that we made and the consideration that was granted should not prove to be too much of a hardship to either of the two countries.

There are still some conversations as to whether rye will be similarly treated on a quota system. Some messages from New York yesterday indicated that a figure of 7 million bu had been discussed.

The wheat business with Germany was finally put through and that country purchased 3 cargoes hard winter wheat from us but there was no red wheat involved. They also purchased a cargo of Canadian durum. Apparently their buying previously in the Argentine had reduced immediate demand, and as we have pointed out before some of the soft wheat that was bought from this country was for the purpose of making noodles.

Weather has turned colder but no severe thermometer readings reported considering the season of the year. Light snowfall has occurred along the Canadian border and moderate snowfall ranging up to 5 inches was reported over central sections of our corn belt and east of the Mississippi River, but it is generally fair in the Southwest.

Another note of interest was that our Foreign Crop Summary indicated that the Argentine rye production would be 27.5 million bu, which is quite an increase over Broomhall's earlier estimate that only 10 million bu might be raised. Last year's phenomenal production was nearly 53 million bu, and that was practically a freak crop. The prewar average rye yield in the Argentine was less than 10 million bu, and the 1945-49 average a little less than 15 million bu. Therefore, the present outlook is for at least a sizeable return.

Primary receipts of wheat today amounted to 837,000 bu vs 921,000 bu a week ago and 869,000 bu on the comparable day of last year. Minneapolis and Kansas City stocks of wheat showed a net increase of 64,000 bu.

There was very little feature to the market today with the exception of the strength shown in July and September wheat as compared to March and May. There seems to be a friendlier feeling that the new crop months will gain over the old crop.

The flour business was at a dragging pace and we heard of no other export business with the exception of Germany as already mentioned. It was reported that Japan bought 5,000 tons of soybeans. Winnipeg advices today did not indicate any export business in feed grains.

Stocks of wheat in deliverable positions in Chicago were approximately 10,926,000 bu of which 8 3/4 million bu are 2 red wheat.

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CHICAGO, 4 December 16, 1953

There is still quite a little attention focused on oat imports, and while we now have a quota covering quantities that may be imported from Canada for the balance of their crop year, there does not seem to be much of a check on Argentine sales, which some people think may reach 5 million bu. These are entering both Atlantic and Gulf ports, thus competing to some extent with shipments that might be made from domestic sources. In addition to the 34 million bu we have purchased from Canada, there is another 8 million bu which was sold to this country, and which is in bond. The natural assumption is that duty will be paid on the latter and at some time during the crop-year those oats will be included in our domestic usage, so that for all practical purposes there have been about 42 million bu oats which Canada has shipped here, plus 23 million more, the new permissive limit between now and October 1st, or a total of about 65 million bu covering a period of about fifteen months.

As for wheat there are only nominal amounts being imported and the government figures that for the entire season we may have to deal with a quantity of about 5 million bu, thus the total supply, including the carryover and the crop, would be about 1,730 million bu. If we also assume that some of the experts are correct that we shall export only 200 million bu during the season and consume 700 million bu for all purposes at home, it would give us a much larger carryover reserve on July 1, 1954 than has been figured thus far. The net result of the above figures would be a reserve stock of 830 million bu, which is certainly more than we have ever had before, and surpasses even the extraordinary years by a wide margin. The revised carryover figure for July 1, 1953 is 562 million bu, and the all-time high of 631 million bu was reached in 1942, but that was a period when we were at war and the domestic disappearance was 949 million bu, while the following year when another large reserve was on hand we consumed an all-time record of 1,237 million bu. In fact, we were then feeding practically as much wheat to livestock as to humans; so it was quite a different story from the present time when domestic usage is about normal and only moderate quantities are being fed.

All this suggests that even with the large quantities impounded there may be some problems ahead of us. We can foresee the possibility that nearly 500 million bu wheat may be placed under the loan, which, together with the big inventory held by CCC would tie up vast quantities artificially. Consequently we do have a situation at the present time where two forces are at play, each working against the other

There was some export business to Holland with about 37,500 bu Gulf wheat involved, but as recently, this did not have much influence on the futures market. Ireland bought some corn and we heard that Holland and the U. K. were also in the market for some parcels. Formosa seems to be in the market for half a cargo of beans and that market steadied shortly after the opening when prices had taken a slight dip.

Primary receipts of wheat were 532,000 bu compared with 667,000 bu last week and 698,000 last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 97,000 bu.

Markets were not particularly active but it seems that there was not much inspiration for making new trades and with some late liquidation which came into the bean pit, there were sharp declines carrying nearby futures to about the $3 mark. Rye was also quite weak and there was no special pressure but apparently supplies, including imports, are adequate for all purposes and with a big carrying charge there is some handicap to the long side of the market. The deferred futures of wheat remained rather firm and not much attention was paid to weather, although we had rather low temperatures in a number of places, but no severe cold was reported in the southwest. Chances are that by Friday weather should moderate.

The FOA authorized Formosa to spend $2,300,000.00 for wheat in this country and no time limit for the purchase was set.

Milling demand was poor and according to the Southwestern Miller bookings of spring wheat were almost at a standstill. There was firmness in corn and cash premiums hold up well. Trade was light and there was very little feature to that market.

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CHICAGO, 4

December 17, 1953

For the first eleven months of this year farmers have received a little over $28 billion from marketings of their various products. This is a reduction of 4% from what they received during the corresponding months of 1952. Last year and the year before total farm income was in the neighborhood of $33 billion for a twelve-month period, including government payments. Total volume of marketings was about 5% larger this year than last, but with the decline in price the farmer was not so well off. Cash receipts from livestock and products, which were $15.6 billion, showed a reduction of 8%, while receipts from poultry and eggs were about that much higher. The general trend, however, seems to be improving and during November farmers took in $3.4 billion, which was slightly higher than for the corresponding months a year ago.

Before our market opened this morning there was not much to guide it. Cold weather was reported over central and eastern parts of the country and while it will probably remain that way for another twenty-four hours, we may expect slowly rising temperatures by tomorrow afternoon, with not much precipitation in sight. Beans, which had been quite weak yesterday, showed a better undertone this morning when the first bell tapped, and there are those in the trade who believe that when the government report is issued this afternoon there may be a small reduction in crop yields as compared with the earlier estimate. This is not the time of year when ordinarily we expect much pressure. Selling from first hands is extremely moderate for all grains, and producers, of course, recognize the strong possibility that income taxes in 1954 may be less than they are at present.

Congress will be back in Washington in less than a month, and the taxpayers in all categories are beginning to wonder what is in store for them. The present administration campaigned on the double promise of lower taxes and a balanced budget, but it is not too easy to accomplish either of these aims. Just recently Senator Humphrey spoke of the difficulties of balancing the budget, while at the same time safeguarding the country's security. Total revenues in the current fiscal year are estimated at $68.3 billion, which is the highest ever collected. The principal sources are $34 billion from individual income taxes, $22.5 billion from corporation income and excess profits taxes, and $10 billion from excise taxes. Since last January an intensive study has been made of the whole tax structure. This work has been carried on by Treasury and Congressional staffs, supplemented by the testimony of hundreds of businessmen, economists, lawyers, accountants and attorneys. If all the suggestion are heeded for bringing about relief, it would naturally result in heavy loss of revenue although it is generally admitted that many of the reductions are necessary and desirable for the continued growth of our economy. On the other hand a realistic attitude would suggest that taxes can only be reduced if expenditures are decreased unless we are willing to go further into debt. The first official public statement of the present administration admitted that many of the taxes are unduly restrictive and unfair, and thus are costly because they inhibit growth and initiative; therefore, may not be worth the revenue they produce in the long run. Mr. Humphrey admitted that this nation cannot long endure as a "land of opportunity" under the present restrictive taxes.

Primary receipts of wheat today were 691,000 bu, which compare with 722,000 bu last week, and 994,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 30,000 bu.

Our markets were relatively firm early in the session, and a leading industry appeared to be taking some corn which gave encouragement. We heard from Winnipeg that the Canadian Wheat Board was making available to the trade 20 cargoes of wheat to be offered to Japan tonight. There was the feeling that Canada with a large reserve might try to usurp the export market, and a fair amount of liquidation took place, with not much aggressive buying. Beans were also weak on scattered selling by commission houses, but recovered late in the session.

The government report this afternoon will give final crop figures for the 1953 production, while on the 21st of this month we shall have the estimate of the next wheat crop, and also the likely rye harvest. It must be taken into account that the winter wheat acreage has been cut rather sharply due to marketing quotas.

The carrying charge spreads in wheat improved, and the March delivery, which had been selling at a premium over May, has gone to a slight discount.

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CHICAGO, 4

December 18, 1953

When Secretary Benson spoke before the American Farm Bureau Federation a few days ago, he gave some interesting facts and statistics, but the one sentence which impressed us most was that "the government has more cotton, wheat, butter, and corn than it can wear or eat or feed." As we have pointed out in these letters on previous occasions, the reserve stock of wheat on July 1, 1954, will be more than sufficient to meet the bread and cereal needs of 160 million Americans for a full year. Actually there will be a surplus without raising another bushel. We shall also carry over as much cotton next October as is normally consumed at home during a twelve-month period. The government holds an inventory which is too long to tabulate here, but the value of it currently adds up to more than $2 1/2 billion, which is twice as great as it was a year ago, and it is probably that government loans on various commodities will total an additional $2 1/2 billion by end of 1953 which means that about $5 billion worth of various commodities will be under government domination. This is the reason that farmers have been asked to accept acreage cuts and as a matter of fact marketing quotas have already been voted for wheat, cotton, and peanuts. As Mr. Benson has pointed out, these overabundant supplies and the loss of world markets are problems which his administration inherited. They were on the back doorstep when they moved in the front door. It is, therefore, felt that the basic and typically American idea behind any farm program must be to help farmers to help themselves. Great decisions lie ahead and should be approached with intelligence. They should also be approached in the spirit of trying to evaluate freedom, but at the same time recognizing responsibilities that go with it. It is encouraging, therefore, that the American Farm Bureau Federation has become aware of what the rigid price supports have done and that more flexible supports might bring about correction.

After the close of the market yesterday, the Department of Agriculture published statistics on production of last summer's crops, and their ideas were compiled on information at hand on December 1st. There were no striking changes for major commodities except beans, and surprisingly enough an increase of 10 million bu was shown over the November figure, while most experts had looked for some decline. The crop is now estimated at 262 million bu. However, it should also be noted that last year's production was increased by about 6 1/2 million bu to a total of 298 million bu. Consequently, by contrast the present crop is 36 million bu smaller. As a partial offset we had a reserve stock on October 1st of 11 million bu. This compared with the previous year's figure of 3.5 million bu, so that at least last year' heavy yields permitted some accumulations to take place, and we presume that the same may not occur this season, particularly if large exports continue during the next nine months. The first effect was a sharp break in bean values and some futures showed declines of as much as 6¢ a bu. This naturally had some influence on other cereals, which probably would have been little changed had they not felt the impact of a sharply lower bean market.

As we have been pointing out lately, large quantities of corn are apt to go into the loan after January 1st. Farmers on a cash basis may be hesitating on the question of impounding supplies until the new calendar year. Corn, like wheat, has artificial aspects. The carryover was 764 million bu but with large loans in the process of being made, this points to a further build-up in government-owned supplies.

Primary receipts of wheat amounted to 662,000 bu which compared with 638,000 bu last week, and 952,000 bu last year. Kansas City and Minneapolis stocks so far this week show practically no change on balance; the Southwest decrease having been offset by an addition to stocks in Minneapolis. When the wheat visible is posted on Monday it will compare with a decrease a year ago of 4 million bu.

We understood that some of the wheat receipts were sold back to their owners in Chicago, and the nearby deliveries were weaker than the deferred. The factthat a considerable quantity of Canadian wheat had been sold to Japan was apparently regarded as discouraging. Germany bought Argentine wheat. Weakness in beans also had some influence on the market. Beans were probably the weakest at or near the opening, and thereafter there were some recoveries. There seems to be a little export business right along. The October clearances are officially given as 5.8 million bu compared with only 2.7 million bu a year ago.

The weather undoubtedly will moderate here, influenced by rather high temperatures in Canada, and the winds are bringing in warmer air currents to most sections of the country.

The hog market was strong today, with a top of $25.50. Corn was quite firm, and might have done better had it not been for weakness in other pits.

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CHICAGO, 4

December 21, 1953

At the end of October the Department of Agriculture had under its price support program in the form of loans and inventories more than $4 1/2 billion worth of various commodities, besides which they report a net realized loss of $62.7 million in carrying out the various plans under their supervision. The direct purchase operations were somewhat over $2 1/2 billion, while the balance, which was about $2 billion, was mostly money financed by various lending agencies. Rather heavy losses were realized in the disposition of butter, dried milk, corn, dry edible beans, and wheat. The CCC is authorized by statute to have total borrowings up to $6 3/4 billion to carry out its various programs, including the price support program, and on October 31st CCC had in use nearly $5 billion of its statutory borrowing authority. Of course, there have been a good many loans negotiated since that time, and chances are that when the next figures are made public there will be some reason to be fearful that operations somewhere along the line may have to be curtailed unless some of the accumulations are finally liquidated or the borrowing power increased.

The Corporation has a paid-in capital of $100 million, and at times it receives advances from purchasers of commodities.

It seems not too easy to get our wheat into foreign trade channels, and world supplies are certainly abundant. The overall crop for all countries is about 7 billion bu, which is slightly smaller than last year, but is still one-fifth larger than the average of the 1945-49 period. The carryover in the principal exporting countries was over 1,2 billion bu, which was double that of the year earlier. Thus it can be seen that even though there were smaller crops in some countries, the reserve stocks largely made up for any deficiencies. The Department of Agriculture estimates that world trade in wheat in the 1953-54 season is likely to be down 10% from last year. During the first five months of our season we exported 35 million bu less wheat than for the same period last year, and it is, therefore, a foregone conclusion that we shall not reach the 317 million bu, which was the total export figure a year ago. On the other hand about 834 million bu of the 1,730 million bu of U.S. wheat supplies are owned by the CCC, or are under loan or purchase agreements. Therefore, it poses the question of whether free market supplies are apt to be fairly tight before the next harvest. Much, of course, will depend on redemptions, and the quantities that are liquidated from government stocks.

In beans, we have a more hopeful outlook. This year's crop, in spite of the small increase mentioned in the Thursday's government report, is still the smallest in recent years, while there is a good domestic and export demand. Prices have advanced about 20% from the low point reached early in September, while prices of other feed grains and many of the by-product feeds also have strengthened, particularly soybean meal.

We are soon to be told that general prospects for business are very good, although some declines from the previous year are likely. Non-farm employment is down about 370,000 from a month ago. This is due chiefly to a decline in factory employment, together with decreases in construction and other activities. However, additional persons are needed by retail stores. For the first time since mid-1952 factory employment has been below the corresponding month of a year earlier.

The visible supply of wheat decreased only 622,000 bu; total stocks of 296 million bu compare with 232.5 million bu last year. Corn stocks decreased 3/4 million bu, while oat stocks increased nearly 200,000 bu. There was a shrinkage in bean stocks of 300,000 bu. Rye showed a big increase, due to the fact that duty was paid on supplies of bonded rye held in Chicago.

Markets were somewhat indifferent, although December lard was very strong influenced by a report that the U. K. had been allocated $8 million for purchases in the U.S., and a larger sum for cottonseed oil in order that Britain might end rationing of fats and oils. It was also learned that Germany would buy 6.3 million bu of wheat here on December 30th, which helped that market to some extent.

Today was the last day for trading in December futures.

Corn was quite weak, influenced by declines in the nearby delivery, although country offerings were not heavy. A slight improvement was noted in the demand for flour, although generally speaking holiday inactivity still prevailed in the southwestern markets.

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CHICAGO, 4 Dec. 22, 1953.

In its report late yesterday, the Department of Agriculture stated that farmers in the winter wheat areas appear to have responded to the acreage allotment program by seeding only about four acres of winter wheat for every five seeded last year. Thus there is a cut of 10.3 million acres from the year before. This is the smallest area sown to winter wheat since 1943 and will be about 9% below the ten-year average. Prospects are more favorable than a year earlier and the yield per acre is placed at 16.1 bu compared with 15.4 last year and 15.6 bu the ten-year average, in the period 1942-51. However, on the smaller sowings it is figured that a crop of only 750 million bu is indicated, and if this yield is borne out next summer, it would be 6% less than the ten-year average, and about one-sixth smaller than the 1953 crop. Some had figured that the acreage cuts would not be quite this drastic, and, therefore, larger yields were anticipated. However, there was not too much attention paid to the report, and first prices were not much changed from the day before.

The Department also pointed out that drought had prevailed over most of the country when normal seeding operations had started but weather in late October and November had improved soilmoisture sufficiently to enable farmers to complete their intended plantings. As matters now stand the crop is probably doing all that could be hoped for on the planted area of 46.5 million acres. Secretary Benson had told wheat farmers in the eighteen drought states that they could exceed their planting restrictions because of drought damage. However, if such action were taken farmers would have to either plow up the extra acres or turn it into pasture before harvest. Otherwise, it would entail high penalties. It was somewhat surprising, therefore, that 1954 plantings were down about 18%, which was almost in line with the 20% reduction required in the acreage allotment.

A 22% increase was shown in the acreage of rye sown for all purposes. Condition of winter rye was placed at 78% compared with 67% the preceding year, and 86% for the ten-year average.

Before our market opened there were reports from New York that Japan had purchased 5 cargoes Canadian wheat via the Pacific for shipment first half of February. Trade is rather cautious here on the expectation that on December 30th nearly 6 1/2 million bu wheat will be sold to Germany, and it brings up the question again whether soft wheat will be involved or whether the new buying will be confined mainly to hard winters and some spring varieties. Turkey continues to sell its surplus in the export market. Shipments during the past week were 424,000 bu, which compared to nearly a million bu the week before, and since middle of December, there has been 4 1/2 million bu wheat cleared, which is quite an unusual circumstance, although this should not prove surprising in view of the big yields. There are apparently more Argentine oats being worked to the U.S. The price FOB Argentine ports is just under 50¢ per bu, certainly a low price compared with our levels. Private crop estimates in Argentina are more optimistic with respect to wheat yields. They are now forecasting 224 million bu compared with 286 million bu a year ago. Furthermore, a carryover reserve of 68 million bu is anticipated, while the season earlier there was practically nothing left.

Primary receipts of wheat today were only 422,000 bu which oompared with 837,000 bu last week, and 968,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 52,000 bu.

There was hardly any cash business in Chicago. As a matter of fact, there were only 48 cars of all grain here, and not enough to really provide much of a cue to values. On the other hand, demand was not very keen, and we believe that the firmness in corn may have come largely from other influences, such as the great strength in beans. Wheat prices were firm, but flour business was near a standstill, and there was hardly any new business reported. Chicago contract stocks of wheat increased a little.

Lard was strong again, and the pig report indicated a 6% increase for the spring crop. The hog market was higher again, and this had a considerable influence on January lard, as commission house buying had expanded materially. The news that U. K. had made financial arrangements for buying lard and oil here was still in the minds of the traders.

Taking all grains together the volume of business today was rather small. Some of the German business may be diverted to Argentina.

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December 23, 1953

It is not unusual during the days immediately preceding Christmas to have light receipts in Chicago, although at this time the movement is exceptionally small. There were only about 73 cars all grain in our market, of which the bulk consisted of corn. Not a single car of soybeans nor rye was received here, although it is still felt that the weakness in January beans as compared to March may be justified if deliveries are made on January contract, as there is no assurance that processors are particularly anxious to receive tenders. This is a somewhat different situation from that which exists at the seaboard, and we are told that exporters had been finding it difficult to make purchases, all of which is not unexpected, as the crop this season was considerably less than last year, and those who needed beans for domestic use were probably diligent in accumulating their requirements, while the amounts that were sent to the various ports have been leaving this country in fairly good volume.

There was nothing special in wheat except that frigid temperatures had descended from Canada and had reached as far South as Texas, although no harm seems to have occurred nor did we have any complaints. The winter wheat crop at best is not going to be a large one because of the reductions in acreage, but this was all planned when the marketing quotas were voted, and because of the big reserves it was hoped that we could gradually get supply and demand into somewhat better balance. It is always a question as to what the farmers will do with the land that is taken out of production. They naturally do not like to leave land idle; therefor it looks as though some other crops might be thrown into a disbalanced condition if such diversions are effected and other crops are grown in the place of wheat, cotton, peanuts, etc. That, of course, is the difficulty whenever we undertake a planned economy, but as long as the price remains relatively high, there are bound to be problems of this nature.

The immediate question now confronting the trade is whether Germany will make large purchases in this country. They were reported yesterday to have taken 4 1/2 cargoes wheat from Argentina and some of our friends in the East still believe that because of IWA quotas this may not interfere with the business that is expected to be placed here next week. It was reported today that the Germans had chartered 30,000 tons freight from the Atlantic and 67,000 tons from gulf ports so far, which is rather indicative that they are serious in buying some grain here. It also remains to be seen whether they take red wheat and even though it may not directly affect the Chicago situation any improvement in the premium basis on wheat east of here would naturally have a bearing on the Chicago market, and particularly on carrying charges. There are still more than 11 million bu contract wheat in Chicago of which 8.8 million bu consists of No.2 red wheat. It is obvious, therefore, that for the time being at least there is no shortage here, and certainly no heavy demand.

Primary receipts of wheat were 522,000 bu, which was practically the same as last week and just slightly less than last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 13,000 bu.

There was not much trend to our markets and we believe when the tonnage was engaged by Germany this brought some buying into the market and the March delivery was influenced a little more than the other months. Even assuming that red wheat would be involved we hear that it can be bought down east at a price that figures 4 to 5¢ cheaper than Chicago replacement.

Lard prices were again very strong and moved into new high ground for most months. Commission house buying expanded materially and the fact that hog prices were so strong probably had something to do with the lard advance, plus the fact that there is better foreign buying in the market. Austria was said to have purchased 2,000 tons refined lard for February shipment.

There is no change in the CCC policy of shipping corn out of the country from steel bins to terminal markets and we understand that there have been some requests for corn to be moved from country points as it is of doubtful keeping quality. This had a rather bearish influence on the corn market and some selling came into the pit.

There is hardly any domestic flour business at the moment although this is not unusual during the Christmas holiday period.

Beans were relatively strong; at times they showed reasonably good gains but on the bulges there was some liquidation. Rye was very weak.

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CHICAGO, 4

December 24, 1953

This is the season of the year when people dedicate themselves to the finer things in life. It is likewise a time when we reflect upon the many blessings that have been bestowed upon us.

Many American Mothers have given thanks to Divine Providence that their sons are no longer fighting in Korea.

On July 27, 1953 the signing of the Truce took place, and it was immediately recognized that the rebuilding of Korea would become necessary and that very likely the outlets for food and relief would become greater on part of those nations that could afford to lend help. Almost immediately President Eisenhower made a formal request to the Congress to provide help to the extent of $200 million, stating that devastation and the general economy of that country was staggering. The House Agricultural Committee approved with restrictions the President's proposal to send surplus farm products to relieve hunger amongst friendly peoples abroad. Thus, the course was charted, but strangely enough the demand from Europe and from Asia has not kept pace with preceding years.

We had severe droughts in several large portions of the country which reduced pasture feeding, water for livestock, and late feed crops. As a matter of fact 18 states have been designated under the category of "drought relief". Considerable help by the Federal Government has been granted. In spite of this dry condition, and with harvest practically completed for all crops, we have had virtually the same amount of food and fiber as was raised in 1952, or the second largest total on record. The acreage from which these crops were harvested was smaller than average, but yields per acre were in the aggregate at a record high. Over 359 million acres of the 59 principal crops were planted or sown in 1953, and about 340 1/2 million acres of crops were harvested. Losses of acreage or the difference between planted and harvested amounted to 18.7 million acres. This reduction was the heaviest since 1939 with one exception, but yet we were fortunate because with more intensive cultivation, better fertilizer, and greater research we are now able to procure big yields even when plantings are greatly reduced. Despite the increase in our population we still have large surpluses to spare to less fortunate countries.

People are probably eating better in this country than ever before in history. The fact that our economy is on a sound basis has naturally been a factor in this improvement. Every man, woman, and child eats on an average 145 pounds of meat per year, of which 75 pounds consists of beef -- also a new record. The varieties of vegetables, citrus fruits, etc. provide a more varied diet, and therefore the hygiene and health of our people are enhanced. The total out-turn of all crops was nearly one-third larger during the past season than in the 1923-32 base period. The index of crop production at nearly 132% is about equal to that of last year, and has been exceeded only by a figure of 135.5% in 1948. While the early fall months remained dry making it difficult to seed winter crops, there has been a more satisfactory condition during the past six or seven weeks, and the outlook for winter wheat indicates better than average yields for next summer, except that the outturn will suffer because of voluntary acreage cuts that were necessitated because of marketing quotas.

There was no special news except that about 300,000 bu wheat is being ordered out of Chicago. The main feature was the light receipts in Chicago, with only 51 cars of all grain received here. In the absence of pressure all cereals were higher and there seemed to be very little resistance to buying. Whether the movement will increase after the turn of the year remains to be seen.

WE WISH YOU ALL A VERY MERRY CHRISTMAS

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CHICAGO, 4

December 28, 1953

There are more than the usual guesses as to what will happen during the early part of the calendar year 1954. With taxes lower some farmers have undoubtedly delayed selling crops until that period, but whether we have much of a movement remains to be seen. President Eisenhower is getting ready to send to the Congress a new budget that will probably show a reduction of $5 billion from this year's fiscal figure. The final total is expected to be about $67 billion, and while a good deal of secrecy surrounds this news, it is semi-officially confirmed by those who have access to the inner-councils. For the time being, therefore, inflationary tendencies may be checked, although the bulk of the saving will come from military outlays and financial aid to friendly foreign countries.

Before our market opened this morning there was word from Augusta, Georgia, where the President is vacationing, that a ceiling had been placed on the imports of oats from non-Canadian sources. Only 2 1/2 million bu will be permitted to enter this country between now and September 30th. This, of course, is in addition to the 23 million bu that will probably come here from Canada. We do not know the exact status of Argentine purchases that have not yet arrived at the various U.S ports. We understand that oats which have not yet been shipped must come under the quota even though previously contracted. Others claim that it depends somewhat on whether the oats were bought on a delivered-duty basis or if the purchases were merely made CIF.

In any event, the oat market was strong this morning, although Argentina would probably not have exported very much more of its oat surplus to the U.S. and our main shipments generally come from Canada. Still there was a little psychological influence, and with other grains higher there seemed very little selling pressure. Of the 107 cars of corn received here today, nearly half were for Commodity Credit Corporation, but first prices of corn were higher; in fact, there was fair commission house buying in the various pits. There was also strength in Winnipeg and sentiment there was bullish on the prospect of improved foreign demand for oats, barley, and flax. This also stimulated some buying here.

The German business was discussed and looms as a possible influence on Chicago prices if hedges are covered here, and in particular, if red wheat is involved

As we draw near the end of 1953, we find that only 99 million bu wheat and flour has been exported thus far, so that the first six months' shipments will be considerably smaller than a year ago when 144 million bu was cleared. We are doing a good business in corn although the 26 million bu that has been exported since October 1st compared with 34 million bu last season. Beans have been going out in heavy volume with more than 17 million bu exported compared with about 10 1/2 million bu the year before.

The visible supply of wheat decreased a little over 1 million bu, and we still have nearly 295 million bu in all positions, or 64 1/2 million bu more on hand than last year. Chicago stocks decreased 631,000 bu, although afloat stocks increased 266,000 bu. The corn visible decreased 490,000 bu, leaving 38 million bu in the various markets compared with 56.4 million a year ago. The oat visible decreased 733,00 bu, leaving 16.7 million in all positions, but 5.7 million bu less than the season before There was a small decrease in beans, and in all markets we had 14 1/4 million bu, which is slightly better than a year ago.

Markets were all very strong. Rye, which had been quite indifferent lately, recovered on the possibility that import restrictions might also be imposed for that cereal. While Canadian markets were firm, Winnipeg oats lost some ground on U.S. futures, and there are only about 3 1/2 million bu of oats here in elevators, although another million bu afloat. However, the demand is not particularly keen either. Beans were very strong, and there was very little resistance to scattered buying which came into the pit. Trade in the November future started today, and the price is far under other months on the prospect of a big crop next fall, on the likelihood that acreage will be increased. There was not much commercial business in wheat; as a matter of fact, flour demand over the holiday was extremely small. The Southwestern Miller stated that trade continued rather cautiously, hopeful of more favorable prices early in the new year. However, some of this optimism is beginning to disappear, and thus a pick-up in business might be witnessed. Corn prices were higher despite somewhat heavier receipts, but the country was not much interested in selling.

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CHICAGO, 4

December 29, 1953

Low temperatures were reported in Canada this morning; in fact, the most severe weather of the season with thermometer readings 25 degrees below zero in parts of Alberta. The cold seems to be descending upon us although it will not be of long duration. Lowest temperatures are expected in Wisconsin, although the whole country will probably suffer from frigid air, and only a few snow flurries are expected, so that the ground does not have too much protection.

All this occasioned some buying of July wheat this morning when our market opened, and futures in general were a little higher, although reports from the country were a little more optimistic with respect to offerings of corn and beans. Volume of business was not heavy but it seemed that farmers might be readier sellers on further advances from here. Receipts generally are very light; in the Southwest there is hardly any wheat movement at all. There was not a single car of wheat in Fort Worth, only one in Enid, and the same at Wichita, but a complete blank again at Topeka and Amarillo, all of which indicates that the support program and the artificial factors are beginning to count. Possibly we shall have more evidence of a tight market as we eat further into our accumulations. Northwest receipts were a little heavier, and in fact, carlot arrivals in both Minneapolis and Duluth were larger than last year. Still cash wheat premiums held fairly well and there seems to be no appreciable pressure from the country. Houses with export connections are making their offerings to Germany tonight for acceptance by tomorrow. Just what will develop is difficult to tell but there appears to be some red wheat east of here still cheaper than the Chicago price; therefore, we may still have adequate supplies here by March and May to take care of deliveries. The only other export business in wheat that we heard of was to Holland, where 7,000 tons #2 hard wheat had been sold last half January at a price that figured 35 over Chicago May, FOB gulf. The Southwestern Miller confirms relative tightness in export offerings. It seems that with distressed accumulations, both at the gulf and at the Atlantic, cleaned up, asking prices are now above previous offerings. Consequently, it remains to be seen whether either the German business or that to other countries will be of big proportions.

There is still a good amount of wheat being shipped from the Argentine and last week 3 million bu cleared, which brings the total to 90 million bu since the first of the year compared with a negligible quantity the season before when they had the crop failure. Australian weekly wheat exports were nearly 2 1/2 million bu, and since January 1st they have shipped 100 million bu compared with 80 million bu a year ago. While the Australian crop will probably be smaller than the previous one, they have a remaining surplus of 37 million bu as of now, and this is more than double the 16 million bu on hand a year ago.

Looking at fall moisture reports for various states, we find that Missouri is still quite deficient as compared to normal, and nearly the same may be said for Illinois and Indiana. However, Nebraska, Oklahoma, and Texas appear to be reasonably good, and November precipitation brought a good deal of relief, which has already been reflected in the government crop report, although we stress again the reduction of about 20% in winter wheat acreage, which is bound to have an influence on the final harvest figure of the 1954 crop.

Primary receipts of wheat were 584,000 bu, which was light, but yet a little more than last week, and compared with 836,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 36,000 bu.

There was not much feature to markets, weakness developed during midsession, and beans sold off about 3¢ per bu, which in turn affected the leading commodity. However, there was hedge lifting in wheat futures against the business to Holland, and later there appeared to be some buying in anticipation of the German business, but the close was barely firm. Corn did not do much. In fact, it was more or less of a holiday market, with cash premiums a little higher and not much offered to Chicago. Beans closed at about the low of the day and apparently there was not the enthusiasm on the buying side such as we witnessed yesterday, even at the lower level.

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CHICAGO, 4

December 30, 1953

Some relief is expected after the turn of the year with the tax reductions probably going through for individuals according to plan, and also permitting excess profits tax on corporationsto lapse. It is generally recognized that the tax burden has become so great that it is finally a handicap to business, and that accordingly initiative in some lines has been stifiled. Our federal payroll since 1939 showed a gain of about 185% or ten times the rate of increase in the general population in this period. Expressed in another way, government expenditures at the peak equalled the total national income of Argentina, Belgium, Brazil, Denmark, France, Greece, Italy, The Netherlands, Norway, Portugal, Sweden, Switzerland, and the U. K. Those countries had a combined population of 257 million persons, while according to the last census here we had about 160 million persons. When the President's budget message is presented to the Congress, it will probably show a reduction of about $5 billion from the year before, but it is not federal taxes alone that are sapping the vitality of our people, for we must consider and add state and local taxes of about $24 billion, which at the present time are the highest in history. All taxes taken together amount to about $2,400 per household, or five times as much as in 1939. Our non-defense expenditures have shown a four and one-half-fold increase over 1939. While part of this represents interest on our indebtedness, it is nevertheless a burden upon the economy of any country no matter how resourceful it may be in other respects.

Before our market opened this morning eastern advices told that part of the German business had been put through and that a total of 2.6 million bu U.S. wheat had been taken overnight. This included 1 1/4 million bu red wheat for January shipment via Atlantic ports, and a slightly larger quantity of hard wheat for January and early February shipment from gulf ports. It had originally been expected that about 6 1/2 million bu would be involved in these transactions, although it is still possible that the balance of the business may be consummated during January. There were a few hedges that had to be lifted, and this gave us a firm opening but very often after large sales take place there is a subsequent lull. In the meantime domestic flour sales are at a rather low level, although cash wheat premiums are pretty well maintained and these upturns have resulted in a marked pick-up in offerings of high premium or desirable origin protein wheat. We believe from what we have learned that there were actually some redemptions in the Southwest.

Weather turned colder but temperatures were less severe except for Minnesota and Wisconsin than had been expected. It was only moderately cold in Kansas, Oklahoma, and Texas, and will probably remain that way for another twenty-four hours, after which a gradual warming period should follow.

There was nothing much in today's statistics; the primary movement of wheat was very light at 319,000 bu. This was about the same as last year and compared with 522,000 bu last week. Between Kansas City and Minneapolis stocks, there was no net change; the Southwestern market decreasing, while Minneapolis showed a corresponding increase.

Trade was extremely quiet, and was almost entirely of a holiday character, although at times there was fair selling of soybeans. There are estimates that tenders on January contract may run as high as 1 1/2 million bu. This had the tendency of widening the carrying charge between January and March. In wheat, there were declines and there was considerable weakness in Minneapolis. The fact that the red wheat sold to Germany was from eastern stocks at prices under Chicago replacement, created a little bearish feeling, but not enough to greatly change the difference between March and May. July wheat was comparatively firm, despite favorable crop prospects. The Sante Fe R. R. was very optimistic.

Kansas wheat remains in good condition, and is presently in a dormant state due to recent cold weather. In Nebraska, the condition of wheat continues to be excellent, and some western wheat fields are being pastured by sheep. The supply of surface moisture is adequate inasmuch as the recent snow has melted, and was absorbed by the soil. The acreage for that State is estimated to be about 15% smaller than in the fall of 1952.

Corn was a shade easier, receipts were not burdensome, but demand is not particularly keen, and trade lagged with not much inspiration to do much prior to the New Year.

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CHICAGO, 4 December 31, 1953

The year 1953 is drawing to a close, and the American people probably enjoyed a better diet than at any time in history. Despite surplus crops there may be some artificial shortages due to price-support programs and government-held inventories, but of far greater import is the question of the adequacy of our natural resources to meet the mounting demand resulting from population growth and industrial expansion. We have read half a dozen articles in recent weeks by leading scientists or economists and there can be no doubt that the question of food and water has gradually become a more important consideration during the past twenty years with an increase in world population of about 25%. During that same time world food production has increased only 5%. Should such figures be projected at the same ratio into the future, one might readily conclude that there would be hundreds of millions of people on the earth living in a state of partial or actual hunger; in fact, many might even be starving. At the present time the food problem is more largely one of distribution. Surpluses exist in many countries but those in the poorer half of the world are unable to procure them to their full satisfaction.

We are beginning to realize that water is no longer, if it ever was, typically a free good. Ground water, indeed, is an exhaustible resource in many areas, though means of replenishing depleted supplies are coming into use. This may seem strange to those who reason that 71% of the earth's surface is covered by water; yet the fact is that during the past fifty years our per-capita consumption of water has doubled. Part of this was accounted for by domestic and municipal demands, but a larger part is due to the tremendous drafts that are being placed on water, by growth of industry and the extension of agriculture, including huge irrigation projects. For all purposes we require 1,200 gallons each day for every man, woman, and child. Consequently, the water problem is more or less a new experience to many Americans who recently encountered difficulties in larger cities during periods of rain deficiency. But in the U. S. specialized scientists do not endorse alarmists' views on soil erosion and depletion. We have already expanded enormously the application of lime and fertilizer at declining costs per unit, and we face no threat of shortages for most needed chemicals. We are, furthermore, blessed by our scientific strength and research in engineering problems and could probably add greater strength to our soil if the occasion demanded it.

It is a sad commentary to note that of all the food grown in the world a huge proportion is devoured by insect pests. Last year it is estimated that the damage from this source alone was $4 billion worth of crops in the U. S. where insecticides are well known, accepted, and widely used. The figure is indicative of the amount devoured by insects and pests in those nations where little or no attempt is made to control them. Furthermore, destruction to crops by weeds is another tremendous factor where the young plants are choked and weeds leech the soil of its nourishment.

Without trying to minimize the problems that have arisen through population growth and the many forecasts of acreage shortage to accommodate the 190 million people that we may have to feed in this country by the year 1975, yet we feel that American economic history has always given convincing testimony against gloomy prophecies and dire warnings of diminishing returns in agriculture and coming dearth of food. The followers of Malthus have recognized our great ability to meet these problems as they arise.

All grains ended the year on a very firm note; beans were the outstanding commodity, and with tenders on January contract smaller than anticipated, the nearby future advanced nearly 6¢ per bu. There is general recognition also that with the short crop it will take a high price to curtail consumption. Some people look for a better flour demand after the turn of the year, as bakers have let their supplies dwindle to small proportions.

WE WISH YOU ALL A VERY HAPPY NEW YEAR.

UHLMANN GRAIN CO.